



THE MSUNDUZI MUNICIPALITY

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THE MSUNDUZI MUNICIPALITY



STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2008

	Note	2008 R	2007 R
NET ASSETS AND LIABILITIES			
Net Assets		945 073 055	906 402 801
Housing Development Fund	1	54 756 079	54 020 358
Capital Replacement Reserve	2	41 035 599	31 749 397
Government Grant Reserve	2	-	-
Self-Insurance Reserve	2	24 618 229	22 503 153
Revaluation Reserve	2	-	-
Accumulated Surplus		824 663 148	798 129 893
Non-Current Liabilities		422 347 673	373 718 313
Long-Term Liabilities	3	344 437 394	303 308 034
Non-Current Provisions	4	77 910 279	70 410 279
Deferred Income: Government Grant Reserve	2	-	-
Current Liabilities		503 037 321	414 335 371
Consumer Deposits	5	36 171 502	28 587 059
Current Provisions	6	861 265	1 430 837
Creditors	7	295 422 470	264 295 183
Unspent Conditional Grants and Receipts	8	124 585 407	73 606 196
VAT	9	5 452 189	14 329 568
Current Portion of Long-Term Liabilities	3	40 544 487	32 086 527
Total Net Assets and Liabilities		1 870 458 051	1 694 456 486
ASSETS			
Non-Current Assets		1 250 075 189	1 156 750 665
Property, Plant and Equipment	10	1 241 284 635	1 140 643 675
Intangible Assets	10	903 696	1 457 711
Agricultural Assets	10	602 670	520 943
Investments	11	1 934 689	2 097 750
Long-Term Receivables	12	5 349 498	12 030 587
Current Assets		620 382 861	537 705 820
Inventory	13	53 832 192	50 001 367
Consumer Debtors	14	256 839 289	223 117 739
Other Debtors	15	44 299 357	42 010 361
Current Portion of Long-Term Receivables	12	1 566 596	1 625 396
Call Investment Deposits	11	260 420 761	207 602 643
Cash	16	40 680	40 731
Bank	16	3 383 985	13 307 584
Total Assets		1 870 458 051	1 694 456 486

THE MSUNDUZI MUNICIPALITY



STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2008

		2008	2007
Description	Note	R	R
<u>Revenue</u>			
Property Rates	17	345 067 836	414 466 865
Property Rates - Penalties and Collection Charges		23 565 464	17 001 280
Service Charges	18	673 878 919	694 577 361
Rentals Received		15 717 272	13 989 454
Interest earned - External Investments		29 320 951	22 721 389
Interest Received - Sundry Debtors		664 168	239 929
Interest Received - Service Debtors		22 308 938	18 303 833
Fines		14 774 353	13 814 255
Licences & Permits		43 655	71 139
Income for Agency Services		751 904	46 752
Governments Grants & Subsidies	19	266 381 115	192 586 285
Public Contributions & Donations		-	-
Other Income	20	231 005 433	59 260 622
Total Revenue		1 623 480 009	1 447 079 164
<u>Expenditure</u>			
Employee related Costs	22	500 859 238	434 383 262
Remuneration of Councillors	23	15 467 145	15 503 082
Bad Debts		-	-
Collection Costs		1 092 870	8 861 071
Depreciation		96 408 758	94 719 589
Repairs & Maintenance		60 481 535	55 401 841
Interest Paid	24	55 028 233	50 194 080
Bulk Purchases	25	515 449 656	495 005 176
Grants & Subsidies Paid	26	4 392 550	3 699 167
Contributions to Provisions		10 000 000	20 000 000
General Expenses Other	21	247 473 257	202 970 230
Inventory Write Off	13	143 365	23 602
Total Expenditure		1 506 796 606	1 380 761 100

Operating Surplus/(Deficit)		116 683 403	66 318 065
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THE MSUNDUZI MUNICIPALITY

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2008

	<u>Capitalisation Reserve</u>	<u>Government Grant Reserve</u>	<u>Donations and Public Contributions Reserve</u>	<u>Capital Replacement Reserve</u>	<u>Self-Insurance Reserve</u>	<u>Housing Development fund</u>	<u>Unappropriated Surplus</u>	<u>Total</u>
	R	R	R		R	R	R	R
2007								
Balance at 01 July 2006	207 119 966	436 303 062	56 737 759		15 651 259	50 214 760	885 867	766 912 673
Correction of Error (Note 36)							29 474 346	29 474 346
Changes in accounting policy	(207 119 966)	(436 303 062)	(56 737 759)				264 338 825	(435 821 962)
Restated Balance	-	-	-	-	15 651 259	50 214 760	294 699 038	360 565 057
Accumulated Surplus/(Deficit) for the year							73 101 072	73 101 072
Transfer to HDF						3 805 598	(3 805 598)	-
Transfer to Capital Replacement Reserve				33 500 000			(33 500 000)	-
Property, Plant and Equipment Purchased/CRR				(1 750 603)			1 750 603	-
Capital Grants used to Purchase PPE							(46 216 427)	(46 216 427)
Donated/Contributed PPE							39 843	39 843
Transfer to Provision							(22 000 000)	(22 000 000)
Transfer to Creditors (Leave Pay)							24 793 464	24 793 464
Contribution to Insurance Reserve					32 249 321			32 249 321
Insurance Claims Processed					(25 397 428)			(25 397 428)
Offsetting of Depreciation							30 668 518	30 668 518
Balance at 30 June 2007	-	-	-	31 749 397	22 503 153	54 020 358	319 530 513	427 803 421
2008								
Balance at 01 July 2007				31 749 397	22 503 153	54 020 358	319 530 513	427 803 421
Correction of Error (Note 36)							26 748 410	26 748 410
Changes in accounting policy							451 850 971	451 850 971
Restated Balance	-	-	-	31 749 397	22 503 153	54 020 358	798 129 894	906 402 802
Accumulated Surplus/(Deficit) for the year							106 714 886	106 714 886
Transfer to HDF						735 720	(735 720)	-
Transfer to Capital Replacement Reserve				31 148 781			(31 148 781)	-
Property, Plant and Equipment Purchased/CRR				(21 828 855)			21 828 855	-
Capital Grants used to Purchase PPE							-	-
Donated/Contributed PPE - Biological Assets							81 727	81 727
Transfer to/from Provisions							(67 500 000)	(67 500 000)
Transfer to/from Creditors (Leave Pay)							(2 707 713)	(2 707 713)
Contribution to Insurance Reserve					31 740 578			31 740 578
Insurance Claims Processed					(29 625 502)			(29 625 502)
Offsetting of Depreciation				(33 724)				(33 724)
Balance at 30 June 2008	-	-	-	41 035 599	24 618 229	54 756 078	824 663 148	945 073 054

Surplus /(Deficit) for the year includes the Housing Development Fund which gets transferred out.

Surplus /(Deficit) for the year includes a transfer to the operating account in respective of the forestry service amounting to R (10 704 235).

THE MSUNDUZI MUNICIPALITY

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2008



CASH GENERATED BY OPERATING ACTIVITIES

Cash Receipts from Ratepayers, Government and Other
Cash Paid to Suppliers and Employees
Cash Generated from Operations

Forestry written back
Interest Received
Interest Paid

NET CASH FROM OPERATING ACTIVITIES

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of Property, Plant and Equipment
Disposal of assets
(Increase)/Decrease in Non-Current Receivables
Increase in Investments

NET CASH FROM INVESTING ACTIVITIES

CASH FLOW FROM FINANCING ACTIVITIES

Net New Loans Raised
Increase/(Decrease) in Consumer Deposits
Non-operating Income Receipted in Provisions/Reserves
Non-operating Expenditure Charged against Provisions/Reserves
Changes in Accounting Policy

NET CASH FROM FINANCING ACTIVITIES

NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS

Cash and cash equivalents at the beginning of the year
Cash and cash equivalents at the end of the year

Note	2008 R	2007 R
	1 586 919 830	1 447 079 163
	(1 384 547 155)	(1 291 568 498)
28	202 372 675	155 510 665
	(10 704 235)	-
	29 320 951	22 721 389
	(55 028 233)	(50 194 080)
	165 961 158	128 037 974
	(196 495 704)	(145 841 581)
	7 239 228	10 667 345
	6 739 888	(89 757)
	163 061	(189 732)
	(182 353 528)	(135 453 725)
	49 587 320	(22 226 332)
	7 584 443	1 916 960
	(29 625 503)	(30 109 400)
	31 740 578	40 651 052
	59 286 838	(9 767 720)
	42 894 468	(17 183 471)
29	220 950 958	238 134 429
29	263 845 426	220 950 958
	42 894 468	(17 183 471)

THE MSUNDUZI MUNICIPALITY
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR
ENDED 30 JUNE 2008

1. BASIS OF PRESENTATION

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practices (GRAP) and the Standards of Generally Accepted Municipal Accounting Practices (GAMAP) prescribed by the Minister of Finance in terms of General Notice 991 and 992 of 2005.

These standards are summarised as follows:

GRAP 1	Presentation of financial statements
GRAP 2	Cash flow statements
GRAP 3	Accounting policies, changes in accounting estimates and errors
GAMAP 4	Effects of changes in foreign exchange rates
GAMAP 6	Consolidated financial statements and accounting for controlled entities
GAMAP 7	Accounting for investments in associates
GAMAP 8	Financial reporting of interests in joint ventures
GAMAP 9	Revenue
GAMAP 12	Inventories
GAMAP 17	Property, plant and equipment
GAMAP 19	Provisions, contingent liabilities and contingent assets

GAMAP 6, 7, and 8 have been complied with to the extent that the requirements in these standards relate to the municipality's separate financial statements.

Accounting policies for material transactions, events or conditions not covered by the above GRAP and or GAMAP Standards have been developed in accordance with paragraphs 7, 11 and 12 of GRAP 3. These accounting policies and the applicable disclosures have been based on the South African Statements of Generally Accepted Accounting Practices (SA GAAP) including any interpretations of such Statements issued by the Accounting Practices Board.

The Minister of Finance has, in terms of General Notice 552 of 2007 exempted compliance with certain of the above mentioned standards and aspects or parts of these standards. Details of the exemptions applicable to the municipality have been provided in the notes to the annual statements.

A summary of the significant accounting policies, which have been consistently applied except where an exemption has been granted are disclosed below.

THE MSUNDUZI MUNICIPALITY
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR
ENDED 30 JUNE 2008

2. PRESENTATION CURRENCY

These annual financial statements are presented in South African Rand.

3. GOING CONCERN ASSUMPTION

These annual financial statements have been prepared on a going concern basis.

4. HOUSING DEVELOPMENT FUND

The Housing Development Fund was established in terms of the Housing Act, (Act No. 107 of 1997). Loans from national and provincial government used to finance housing selling schemes undertaken by the Municipality were extinguished on 1 April 1998 and transferred to a Housing Development Fund. Housing selling schemes both complete and in progress as at 1 April 1998, were also transferred to the Housing Development Fund. In terms of the Housing Act, all proceeds from housing developments, which include rental income and sales of houses, must be paid into the Housing Development Fund. Monies standing to the credit of the Housing Development Fund can be used only to finance housing developments within the municipal area subject to the approval of the Provincial MEC responsible for housing.

5. RESERVES AND DEFERRED INCOME ACCOUNTS

5.1 Capital Replacement Reserve (CRR)

In order to finance the purchase of items of property, plant and equipment from internal sources, amounts are transferred from accumulated surplus to the Capital Replacement Reserve (CRR) in terms of a Council resolution. A corresponding amount is transferred to a designated CRR investment account. The following conditions are set for the creation and utilisation of the CRR:

- The cash which backs the CRR is invested until utilised. The cash may only be invested in accordance with the investment policy of The Msunduzi Municipality.
- Interest earned on the CRR investment is recorded as interest earned in the Statement of Financial Performance and may be transferred to the CRR.
- The CRR may only be utilised for the purpose of purchasing items of property, plant and equipment for The Msunduzi Municipality and may not be used for the maintenance of these items.
- The CRR is reduced and the accumulated surplus is credited by a corresponding amount when the amounts in the CRR are utilised.

THE MSUNDUZI MUNICIPALITY
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR
ENDED 30 JUNE 2008

5.2 Self-Insurance Reserve

The Municipality has a Self-Insurance Reserve to set aside amounts to offset potential losses or claims that cannot be insured externally in respect of buildings, vehicles and property. The fund is liable for all claims in excess of R500 per dwelling for house owners and

R500 000 aggregate excess on the combined policy (buildings). Departments are charged premiums in accordance with the values of assets insured relevant to each type of risk bearing in mind claims experienced.

5.3 COID Reserve

The Municipality has been exempted from making contributions to the Compensation Commissioner for Occupational Injuries and Diseases (COID). In terms of the exemption from the Compensation Commissioner, the Municipality has established a COID reserve to offset claims from employees. This reserve is disclosed within the Internal Insurance Fund.

Amounts are transferred to the COID Reserve based on the assessment by the Compensation Commissioner for Occupational Injuries and Diseases (COID) on an annual basis.

5.4 Deferred Income Account - Government Grants

Policy 2006/07

Deferred Income - Government Grants

When items of property, plant and equipment are financed from government grants, a transfer is made from the accumulated surplus to the Deferred Income - Government Grants account, in terms of the exemptions published in Gazette 30013 dated 29 June 2007, equal to the value of the government grant recorded as revenue in the Statement of Financial Performance.

When such items of property, plant and equipment are depreciated, a transfer is made from the deferred income - government grants to the accumulated surplus. The purpose of this policy is to promote community equity by ensuring that the future depreciation expenses that will be incurred over the useful lives of government grant funded items of property, plant and equipment are offset by transfers from this reserve to the accumulated surplus.

When an item of property, plant and equipment financed from government grants is disposed of, the balance in the deferred income - government grants relating to such item is transferred to the accumulated surplus.

Policy 2007/08

GAMAP 9 requires all Government Grant funding utilised for capital expenditure to be released to a revenue account which is the accounting procedure followed by The Msunduzi Municipality. As the requirements of GAMAP 9 overrides IAS 20:(Government Grants) the balance on the Deferred Income account is adjusted to the Accumulated Surplus account and no further transfers to the Deferred Income account will be effected as the transfer to revenue already constitutes the Offset Depreciation contribution.

THE MSUNDUZI MUNICIPALITY
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR
ENDED 30 JUNE 2008

6. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment, is stated at cost, less accumulated depreciation, except land and buildings, which are re-valued as indicated below. Heritage assets, which are culturally significant resources and which are shown at cost, are not depreciated owing to the uncertainty regarding their estimated useful lives. Similarly, land is not depreciated as it is deemed to have an indefinite life.

Impairment of property, plant and equipment has been accounted for in terms of the exemption granted in Gazette 30013 of 29 June 2007. Accordingly no impairment testing or recognition was accounted for.

The cost of an item of property, plant and equipment acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets was measured at its fair value. If the acquired item could not be measured at its fair value, its cost was measured at the carrying amount of the asset given up. Subsequent expenditure is capitalised when the recognition and measurement criteria of an asset are met.

Depreciation is calculated on cost, using the straight-line method over the estimated useful lives of the assets. In terms of the exemption granted in Gazette 30013 of 29 June 2007 no reviewing of the depreciation method and the useful lives of assets were performed.

The annual depreciation rates are based on the following estimated useful lives:-

<u>Infrastructure</u>		<u>Other</u>	
	<u>Years</u>		<u>Years</u>
Roads & Paving	30	Buildings	30
Pedestrian Malls	30	Specialist Vehicles	10
Electricity	20-30	Other Vehicles	5
Water	15-20	Office Equipment	3-7
Sewerage	15-20	Furniture & Fittings	7-10
Housing	30	Watercraft	15
		Bins & Containers	5
<u>Community</u>		Specialised Plant & Equipment	10-15
	<u>Years</u>	Other Items of Plant and	
Buildings	30	Equipment	2-5
Recreational facilities	20-30	Landfill Sites	15
Security	5		

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

THE MSUNDUZI MUNICIPALITY
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR
ENDED 30 JUNE 2008

The Municipality has an obligation to rehabilitate its landfill sites in terms of its licence stipulations. Provision is made for this obligation in accordance with the Municipality's accounting policy on non-current provisions - see Accounting Policy 13 on Provisions.

The Msunduzi Municipality accounted for investment properties in terms of the exemptions published in Gazette 30013 dated 29 June 2007. Accordingly no investment properties were identified and disclosed separately from property, plant and equipment on the financial statements.

In terms of the exemptions published in Gazette 30013 dated 29 June 2007 no impairment testing, reviewing of useful lives, reviewing of depreciation methodology and residual value were done for the 2007/08 financial year.

7. INVESTMENTS

7.1 Financial Instruments

Financial instruments, which include, call deposits and short-term deposits invested in registered commercial banks, are stated at cost.

7.2 Investment in Municipal Entities

Investments in municipal entities under the ownership and control of the Municipality are carried at cost in The Msunduzi Municipality's annual financial statements.

The Msunduzi Municipality made use of the exemption granted as per Gazette 30013 dated 29 June 2007 and will accordingly not present consolidated financial statements for 2007/08.

8. INVENTORIES

Consumable stores, raw materials, work-in-progress and finished goods are valued at the lower of cost and net realisable value. In general, the basis of determining cost is the first-in, first-out method.

Unsold properties for the purpose of resale are accounted for in terms of the exemptions published in Gazette 30013 dated 29 June 2007 and is accordingly disclosed as property, plant and equipment. Direct costs are accumulated for each separately identifiable property. Costs also include a proportion of overhead costs. The cost of water on hand at year end is calculated and accounted for as water stock on hand.

Redundant and slow-moving inventories are identified and written down from cost to net realisable value with regard to their estimated economic or realisable values.

Inventories are disclosed in terms with the exemptions in Gazette 30013 of 29 June 2007.

THE MSUNDUZI MUNICIPALITY
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR
ENDED 30 JUNE 2008

9. ACCOUNTS RECEIVABLE

Accounts receivable are carried at nominal value and no classification and discounting was done in terms of the exemptions approved in Gazette 30013 dated 29 June 2007. An estimate is made for doubtful receivables based on a review of all outstanding amounts at year end. Bad debts are written off during the year in which they are identified.

10. ACCOUNTS PAYABLE

Trade and other creditors

Policy 2007/08

Trade and other creditors excluding Leave pay has been accounted for in terms of the exemptions published in Gazette 30013 dated 29 June 2007. Accordingly the creditors were stated at nominal value and no discounting was accounted for.

Leave Pay

Leave pay is stated as a current liability and at a nominal value. In terms of the exemptions published in Gazette 30013 dated 29 June 2007 no discounting was accounted for.

11. REVENUE RECOGNITION

11.1 Revenue from Exchange Transactions

Service charges relating to electricity and water are based on consumption. Meters are read on a monthly basis and are recognised as revenue when invoiced. Provisional estimates of consumption are made monthly when meter readings have not been performed. To include all revenue in the financial period estimates are made between the last meter reading and the financial year end to account for consumption that took place during the financial period. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period. Revenue from the sale of electricity prepaid meter cards are recognised at the point of sale.

Service charges relating to refuse removal are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage, and are levied monthly based on the number of refuse containers on each property, regardless of whether or not all containers are emptied during the month.

Service charges from sewerage and sanitation are based on the number of sewerage connections on each developed property using the tariffs approved from Council and are levied monthly.

Interest and rentals are recognised on a time proportion basis and rentals were not "straight lined" making use of the exemption granted in Gazette 30013 dated 29 June 2007.

THE MSUNDUZI MUNICIPALITY
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR
ENDED 30 JUNE 2008

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant gazetted tariff. This includes the issuing of licences and permits.

Income for agency services is recognised on a monthly basis once the income collected on behalf of agents has been quantified. The income recognised is in terms of the agency agreement.

Finance income from the sale of housing by way of instalment sales agreements or finance leases is recognised on a time proportion basis.

Revenue from the sale of goods is recognised when the risk is passed to the consumer.

Revenue from public contributions is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment is brought into use. Where public contributions have been received but the municipality has not met the condition, a liability is recognised

11.2 Revenue from non-exchange transactions

Revenue from property rates is recognised when the legal entitlement to this revenue arises. Collection charges are recognised when such amounts are legally enforceable. Penalty interest on unpaid rates is recognised on a time proportion basis.

Fines constitute both spot fines and summonses. Revenue from spot fines and summonses is recognised when payment is received.

Donations are recognised on a cash receipt basis or where the donation is in the form of property, plant and equipment, when such items of property, plant and equipment are brought into use.

Contributed property, plant and equipment are recognised when such items of property, plant and equipment are brought into use.

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No.56 of 2003) and is recognised when the recovery thereof from the responsible councillors or officials is virtually certain.

In terms of the exemptions published in Gazette 30013 dated 29 June 2007 the fair value of cash considerations were not discounted and were stated at nominal amount.

12. CONDITIONAL GRANTS AND RECEIPTS

Revenue received from conditional grants, donations and funding are recognised as revenue to the extent that the Municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. To the extent that the criteria, conditions or obligations have not been met a liability is recognised.

THE MSUNDUZI MUNICIPALITY
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR
ENDED 30 JUNE 2008

13. PROVISIONS

A provision is recognised when the Municipality has a present obligation (legal or constructive) as a result of a past event and it is probable (i.e. more likely than not) that an outflow of resources will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Provisions are reviewed at each Statement of Financial Position date and adjusted to reflect the current best estimate.

The Municipality makes provision for the rehabilitation of landfill sites and post retirement benefits medical aid contributions

Provision for the rehabilitation of the Quarry site was created from contributions received from the rental agreement for this site.

14. CASH AND CASH EQUIVALENTS

Cash includes cash on hand and cash with banks. Cash equivalents are short-term highly liquid investments that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value.

For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held on call with banks and investments in financial instruments, net of bank overdrafts.

Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdrafts are expensed as incurred.

15. UNAUTHORISED EXPENDITURE

Unauthorised expenditure is expenditure that has not been budgeted for, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No.56 of 2003). Unauthorised expenditure is accounted for as an expense in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

16. IRREGULAR EXPENDITURE

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), The Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the Municipality's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

THE MSUNDUZI MUNICIPALITY
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR
ENDED 30 JUNE 2008

17. FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

18. FOREIGN CURRENCIES

Transactions in foreign currencies are initially recorded at the prevailing exchange rate on the dates of the transactions. Monetary assets and liabilities denominated in such foreign currencies are retranslated at the rates prevailing at the reporting date. Exchange differences are included in the Statement of Financial Performance.

19. COMPARATIVE INFORMATION

19.1 Current year comparatives:

Budgeted amounts have been included in the annual financial statements for the current financial year only.

19.2 Prior year comparatives:

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are reclassified. The nature and reason for the reclassification is disclosed.

20. LEASES

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to The Msunduzi Municipality.

Property, plant and equipment subject to finance lease agreements are capitalised at their cash cost equivalent and the corresponding liabilities are raised. The cost of the item of property, plant and equipment is depreciated at appropriate rates on the straight line basis over the estimated useful life.

Lease finance costs are expensed when incurred.

Operating leases are those leases which do not fall within the scope of the above definition. In terms of the exemptions published in Gazette 30013 dated 29 June 2007 operating leases are not "straight lined" and are expensed as they become due.

21. VALUE ADDED TAX

The Msunduzi Municipality accounts for Value Added Tax on the payment basis.

THE MSUNDUZI MUNICIPALITY
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR
ENDED 30 JUNE 2008

22. GRANTS-IN-AID

The Msunduzi Municipality transfers money to individuals, institutions and organisations. When making these transfers, The Msunduzi Municipality does not:

- Receive any goods or services directly in return, as would be expected in a purchase or sale transaction;
- Expect to be repaid in future; or
- Expect a financial return, as would be expected from an investment.

These transfers are recognised in the financial statements as expenses in the period that the events giving rise to the transfer occurred. If these contracts are onerous and extend over

more than one financial year they are then treated in accordance with the accounting policy on provisions outlined in paragraph 13 above.

23. UNUTILISED CONDITIONAL GRANTS

Unutilised conditional grants are reflected on the Statement of Financial Position as a Creditor - Unutilised Conditional Grants. They represent unspent government grants, subsidies and contributions from the public. The following conditions are set for the creation and utilisation of these creditors:

- The cash which backs the creditor is invested until utilised.
- Interest earned on the investment is treated in accordance with grant conditions. If it is payable to the funder it is recorded as part of the creditor. If it is The Msunduzi Municipality's interest it is recognised as interest earned in the Statement of Financial Performance.
- Whenever an item of property, plant and equipment is purchased from a Creditor - Unutilised Conditional Grant, an amount equal to the purchase price is transferred from the Creditor - Unutilised Conditional Grant to the operating account on the Statement of Financial Performance as revenue.
- Whenever an item of property, plant and equipment is purchased from a Creditor - Unutilised Conditional Grant, an amount equal to the purchase price is transferred from the accumulated surplus to the Deferred Income - Government Grants or the Accumulated Surplus account in the case of non government grants. The deferred income account is used to offset depreciation charged on the property, plant and equipment financed from unutilised government grant capital receipts and equals the remaining depreciable value (carrying value) of property, plant and equipment financed from unutilised government grant capital receipts.

THE MSUNDUZI MUNICIPALITY
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR
ENDED 30 JUNE 2008

- Whenever a non-asset is purchased from a Creditor - Unutilised Conditional Grant an amount equal to the purchase price is transferred from the Creditor - Unutilised Conditional Grant to the operating account on the Statement of Financial Performance to offset the expenditure which was expensed through the operating account.

26. INTANGIBLE ASSETS

Intangible assets are initially recorded at their cost price and are subsequently amortised over their expected useful lives. An intangible asset is defined as an identifiable non - monetary asset without physical substance held for use in the production or supply of goods or services, for rental to others, or for administrative purposes. The intangible assets under the control of The Msunduzi Municipality are amortised according to the straight line method as follows. By making use of the exemptions published in Gazette 30013 dated 29 June 2007 The Msunduzi Municipality only included software prospectively as intangible assets.

27. IMPAIRMENT OF CASH GENERATING ASSETS

In terms of the exemptions published in Gazette 30013 dated 29 June 2007 no impairment of cash generating assets were accounted for.

28. FINANCIAL INSTRUMENTS

In terms of the exemptions published in Gazette 30013 dated 29 June 2007 no financial instruments were allocated and valued to its designated classification.

THE MSUNDUZI MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006

	2006	2007
	R	R
1 HOUSING DEVELOPMENT FUND		
Housing Development Fund	54 756 079	54 020 358
Unappropriated Surplus	20 499 187	19 763 466
Loans extinguished by Government on 1 April 1998	34 256 892	34 256 892
The Housing Development Fund is represented by the following assets and liabilities:		
Property, plant and equipment	194 830	194 830
Housing selling scheme loans	5 490 733	5 860 450
Housing Rental Debtors	6 690 731	4 776 025
Loans extinguished by Government on 1 April 1998	34 256 892	34 256 892
Bank and cash	8 131 597	8 940 640
Sub-total	54 764 782	54 028 836
Internal Advances	-	-
Less :Creditors	8 703	8 478
	54 756 079	54 020 358

2 RESERVES

Capital Replacement Reserve	41 035 599	31 749 397
Government Grant Reserve	-	-
Self-Insurance Reserve	24 618 229	22 503 153
Total Reserves	65 653 828	54 252 549

The Capital Replacement Reserve and Self-Insurance Reserves are fully invested in financial investment instruments.

DEFERRED INCOME - GOVERNMENT GRANTS

Transferred from previous Government Grant Reserve net of capital acquisitions from grants and off-set depreciation transferred.	-	-
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3 LONG-TERM LIABILITIES

Annuity Loans	371 134 239	315 471 612
Capitalised Lease Liability	13 847 642	19 922 949
SUB-TOTAL	384 981 881	335 394 561
Less: Current Portion Transferred To Current Liabilities	40 544 487	32 086 527
Local Registered Stock Loans	-	-
Annuity Loans	34 365 986	25 938 565
Capitalised Lease Liability	6 178 501	6 147 962
TOTAL EXTERNAL LOANS	344 437 394	303 308 034

Refer Appendix A For More Detail On Long-Term Liabilities.

The Capitalised Lease Liability Is Secured Over The Item Of Plant Leased.

Note: Annuity Loans balance as at 1 July 2007 was restated by R 44 988 (See note 36)

THE MSUNDUZI MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

	2008	2007			
	R	R			
4 NON-CURRENT PROVISIONS					
Quarry Rehabilitation Fund	410 279	410 279			
Landfill Rehab Provision	27 500 000	25 000 000			
Stated Benefits Provision	50 000 000	45 000 000			
Total Non-Current Provisions	77 910 279	70 410 279			
	<table border="1"> <tr> <td>STATED BENEFITS PROVISION</td> <td>LANDFILL REHAB PROVISION</td> <td>QUARRY REHABILITATION FUND</td> </tr> </table>	STATED BENEFITS PROVISION	LANDFILL REHAB PROVISION	QUARRY REHABILITATION FUND	
STATED BENEFITS PROVISION	LANDFILL REHAB PROVISION	QUARRY REHABILITATION FUND			

THE MOVEMENT IN THE PROVISIONS IS RECONCILED AS FOLLOWS:-

Balance At Beginning Of Year	45 000 000	25 000 000	410 279
Contributions - Surplus	5 000 000	2 500 000	-
Other Income	-	-	-
Expenditure Incurred	-	-	-
Increase Due To Discounting	-	-	-
Transfer To Current Provisions	-	-	-
BALANCE AT END OF YEAR	50 000 000	27 500 000	410 279

By making use of the exemption on employee benefits in terms of Gazette 30013 of 29 June 2007 no provision for Post Employee Benefit - Medical aid Contributions are made.

5 CONSUMER DEPOSITS

Refuse	917 788	989 604
Electricity	28 556 429	20 513 073
Water	4 964 399	5 193 577
Sewer	1 732 886	1 890 806
Total Consumer Deposits	36 171 502	28 587 059

Interest Is Accrued On Consumer Deposits For Service Charges at 4% p.a.

Balance on the interest reserves amounts to R 6 833 615 and

R 5 907 906 as at 30 June 2008 and 30 June 2007 respectively.

Guarantees in lieu of electricity and water deposits	5 018 391	5 130 347
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6 CURRENT PROVISIONS

Performance bonus	861 265	1 430 837
TOTAL CURRENT PROVISIONS	861 265	1 430 837

Performance bonuses are paid to the Executive and Process Managers.

The provision is an estimation of the payment at the reporting date.

Performance bonuses are paid in arrear as per Council policy, in October each year.

THE MOVEMENT IN THE CURRENT PROVISION IS RECONCILED AS FOLLOWS:-

Balance At Beginning Of Year	1 430 837	1 546 678
Transfer From Non-Current Provisions	-	-
Contributions	861 765	1 430 837
Expenditure Incurred	(1 431 337)	(1 546 678)
BALANCE AT END OF YEAR 30 JUNE 2008	861 265	1 430 837

THE MSUNDUZI MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

	2008	2007
	R	R
7 CREDITORS		
Trade Creditors	14 985 564	43 196 205
Retention	9 312 268	6 742 079
Other Deposits	1 799 234	2 016 966
Other Creditors	231 953 772	185 760 614
Leave pay	37 371 633	26 579 319
TOTAL CREDITORS	295 422 470	264 295 183

Note: Other Creditors balance as at 1 July 2007 was restated by R 19 765 814.(See note 36)

In terms of the exemptions granted in Gazette 30013 dated 29 June 2007 creditors were accounted for at nominal value and no discounting was performed.

8 UNSPENT CONDITIONAL GRANTS AND RECEIPTS

CONDITIONAL GRANTS FROM GOVERNMENT	119 138 107	68 161 660
National Grants	102 476 181	62 750 823
Provincial Grants And Subsidies	16 661 927	5 410 837
Other Conditional Receipts	5 447 300	5 444 536
TOTAL CONDITIONAL GRANTS AND SUBSIDIES	124 585 407	73 606 196

Unspent Conditional Grants and Subsidies are fully invested in financial instruments

9 VALUE ADDED TAX (VAT)

VAT Payable	5 452 189	14 329 568
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VAT is payable to SARS on the payment basis, the above amount represents the VAT raised on service charges that is outstanding.

Note: All VAT returns have been submitted timeously throughout the financial year.
The balance as at 1 July 2007 was restated by an amount of R 4 845 765. (See note 36)

THE MSUNDUZI MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

10 PROPERTY, PLANT AND EQUIPMENT

30 June 2008

Reconciliation of Carrying Value	Land and Buildings R	Infrastructure R	Community R	Other R	Total R
Carrying Values at 1 July 2007	108 390 363	566 705 510	129 280 345	336 267 457	1 140 643 674
Cost	130 553 639	1 169 475 930	171 194 489	561 875 705	2 033 099 763
Revaluation	-	-	-	-	-
Accumulated Depreciation	(22 163 276)	(602 770 420)	(41 914 144)	(225 608 248)	(892 456 089)
- Cost	(22 163 276)	(602 770 420)	(41 914 144)	(225 608 248)	(892 456 089)
- Revaluation	-	-	-	-	-
Acquisitions	835 281	38 329 746	8 731 365	16 845 477	64 741 869
Capital Under Construction	2 436 766	114 431 418	5 172 866	9 952 792	131 993 842
Depreciation	(3 070 324)	(59 418 650)	(6 512 912)	(26 627 756)	(95 629 642)
- Based on Cost	(3 070 324)	(59 418 650)	(6 512 912)	(26 627 756)	(95 629 642)
- Based on Revaluation	-	-	-	-	-
Carrying Value of Disposals	(278 423)	(32 222)	-	(229 621)	(540 266)
Cost	(278 423)	(31 600)	-	(186 598)	(496 621)
Accumulated Depreciation	-	(622)	-	(43 023)	(43 645)
Impairment Losses	-	-	-	-	-
Other Movements	-	-	-	-	-
Carrying Values at 30 June 2008	108 313 664	660 017 047	136 671 664	336 294 394	1 241 284 635
Cost	133 547 264	1 322 205 495	185 098 721	588 487 375	2 229 338 854
Revaluation	-	-	-	-	-
Accumulated Depreciation	(25 233 600)	(662 188 447)	(48 427 056)	(252 192 981)	(988 054 218)
- Cost	(25 233 600)	(662 188 447)	(48 427 056)	(252 192 981)	(988 042 085)
- Revaluation	-	-	-	-	-

30 June 2007

Reconciliation of Carrying Value	Land and Buildings R	Infrastructure R	Community R	Other R	Total R
Carrying Values at 1 July 2006	105 087 349	542 277 324	118 937 249	321 574 991	1 087 876 913
Cost	124 353 774	1 087 872 548	154 890 218	520 729 351	1 887 845 891
Revaluation	-	-	-	-	-
Accumulated Depreciation	(19 266 425)	(545 595 224)	(35 952 969)	(199 154 360)	(799 968 978)
- Cost	(19 266 425)	(545 595 224)	(35 952 969)	(199 154 360)	(799 968 978)
- Revaluation	-	-	-	-	-
Acquisitions	5 914 216	79 849 107	16 179 126	25 627 380	127 569 829
Capital Under Construction	493 704	1 754 274	125 145	15 772 291	18 145 414
Depreciation	(2 896 851)	(57 175 195)	(5 961 175)	(26 584 977)	(92 618 198)
- Based on Cost	(2 896 851)	(57 175 195)	(5 961 175)	(26 584 977)	(92 618 198)
- Based on Revaluation	-	-	-	-	-
Carrying Value of Disposals	(208 054)	-	-	(384 406)	(592 460)
Cost	(208 054)	-	-	(253 317)	(461 371)
Accumulated Depreciation	-	-	-	(131 089)	(131 089)
Impairment Losses	-	-	-	-	-
Other Movements	-	-	-	-	-
Carrying Values at 30 June 2007	108 390 364	566 705 511	129 280 345	336 267 453	1 140 643 675
Cost	130 553 640	1 169 475 930	171 194 489	561 875 702	2 033 099 761
Revaluation	-	-	-	-	-
Accumulated Depreciation	(22 163 276)	(602 770 419)	(41 914 144)	(225 608 249)	(892 456 088)
- Cost	(22 163 276)	(602 770 419)	(41 914 144)	(225 608 249)	(892 456 088)
- Revaluation	-	-	-	-	-

THE MSUNDUZI MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

10 PROPERTY, PLANT AND EQUIPMENT - CONTINUED

The Msunduzi Municipality is adhering to National Treasury's Guidelines as per MFMA Circular No. 18 dated 23 June 2005, which states that it is paramount to prepare a process map to obtain Infrastructure Assets information over a number of years. The Msunduzi Municipality has appointed a service provider to develop a detailed roadmap to enable the successful implementation of processes to identify, record, value and manage Infrastructure Assets over the next 3 years.

At present, depreciation on these assets is calculated on the straight line method although an average useful life has been estimated for each category of Infrastructure and Community Assets, using global historical costs recorded in the accounting records. In terms of the exemptions granted in Gazette 30013 dated 29 June 2007 The Msunduzi Municipality has not yet assessed whether items of Property, Plant and Equipment are impaired. It is expected that an assessment of impairments will be done by 30 June 2009.

The municipality did not review the useful life or the depreciation method used on the assets recognised in the annual financial statements for the 2007/08 financial year due to the exemption granted in Gazette 30013.

Included in land and buildings above are items that may meet the definition of investment property but has been included as PPE because the municipality has not yet realised the process of identifying investment property for reporting purposes. These items will be transferred to an investment property register once they have been identified.

INTANGIBLE ASSETS

30 June 2008

Reconciliation of Carrying Value	Computer software				Total
	R	R	R	R	R
Carrying Values at 01 July 2007	1 457 712	-	-	-	1 457 712
Cost	10 828 569				10 828 569
Accumulated Depreciation	(9 370 857)				(9 370 857)
Acquisitions	256 614				256 614
Depreciation	(810 630)				(810 630)
Carrying Value of Disposals	-	-	-	-	-
- Cost					
Accumulated Depreciation					
Impairment Losses	-	-	-	-	-
Other Movements	-	-	-	-	-
Carrying Values at 30 June 2008	903 696	-	-	-	903 696
Cost	11 085 183	-	-	-	11 085 183
Accumulated Depreciation	(10 181 487)				(10 181 487)

Intangible assets consists of software and web costs for 2007/2008.

AGRICULTURAL ASSETS

30 June 2008

Reconciliation of Carrying Value	Biological assets				Total
	R	R	R	R	R
Values at 01 July 2006	520 943	-	-	-	520 943
Valuation	520 943				520 943
Valuation increase / decrease	81 727				81 727
Values at 30 June 2007	602 670	-	-	-	602 670
Valuation	602 670				602 670

Valuations are done at each financial year end and differences are adjusted to accumulated surplus.

THE MSUNDUZI MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

	2008	2007
	R	R
11 INVESTMENTS		
<u>FINANCIAL INSTRUMENTS</u>		
Fixed Deposits - Long to Medium Term Investments	1 934 689	2 097 750
Total - Long to Medium Term Financial Instruments	<u>1 934 689</u>	<u>2 097 750</u>
<u>CALL/SHORT TERM INVESTMENT DEPOSITS</u>		
Other Deposits - Short-Term	260 420 761	207 602 643
Call Account Deposits	-	-
Total Call/Short Term Investment Deposits	<u>260 420 761</u>	<u>207 602 643</u>
TOTAL INVESTMENTS	<u>262 355 451</u>	<u>209 700 394</u>
Average Rate Of Return On Investments	11.72%	9.02%
12 LONG-TERM RECEIVABLES		
Housing	6 468 228	12 947 551
Loans To Education Facilities And Sporting Bodies.	440 012	510 846
Staff Loans	7 854	197 586
	<u>6 916 094</u>	<u>13 655 983</u>
Less: Current Portion Transferred To Current Assets	1 566 596	1 625 396
Total Long-Term Receivables	<u>5 349 498</u>	<u>12 030 587</u>
The outstanding amounts relate to loans granted for housing, council's motor scheme to employees and loans to education and sporting bodies prior to the implementation of the MFMA section 164.		
Since the 1st July 2004 no new loans have been issued.		
13 INVENTORY		
Consumable store	23 529 230	21 195 071
Workshop store	674 456	674 401
Diesel & petrol	712 807	195 277
Unused water	1 201 016	466 976
Forestry	30 827 856	30 439 448
	<u>-</u>	<u>-</u>
	56 945 364	52 971 174
Less: Inventory Write Off	(3 113 172)	(2 969 807)
Total Inventory	<u>53 832 192</u>	<u>50 001 367</u>
Stock to the value of R 143 365 was deemed to be redundant or obsolete and was written off during 2007/08.		
Valuation Adjustment Reconciliation		
Balance 1 July 2007	2 969 808	2 946 206
Write on		
Inventory Write Off	143 365	23 602
Balance 30 June 2008	<u>3 113 172</u>	<u>2 969 808</u>

THE MSUNDUZI MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

	2008	2007
	R	R
14 CONSUMER DEBTORS		
AS AT 30 JUNE 2008		
Service debtors	426 823 179	251 761 552
Rates	163 896 355	96 674 227
Cleansing	29 412 206	17 348 783
Electricity	133 565 857	78 783 789
Sewerage	15 606 946	9 205 753
Water	84 341 816	49 749 000
Housing rentals	8 608 527	5 077 738
TOTAL	435 431 707	256 839 289

AS AT 30 JUNE 2007		
Service debtors	430 135 683	223 117 739
Rates	143 172 709	74 265 801
Cleansing	22 879 816	11 868 099
Electricity	187 232 895	97 120 471
Sewerage	11 438 326	5 933 229
Water	65 411 937	33 930 139
Housing rentals	-	-
TOTAL	430 135 683	223 117 739

RATES: AGEING

Current (0 - 30 Days)	31 442 759	35 732 481
31 - 60 Days	6 834 830	6 805 687
61 - 90 Days	6 516 710	5 361 521
91 - 120 Days	4 388 852	4 716 471
121 - 365 Days	4 963 377	5 378 036
+ 365 Days	109 749 826	85 178 512
Adjustment for corrections	-	-
TOTAL	163 896 355	143 172 708

ELECTRICITY, REFUSE, SEWERAGE & WATER & HOUSING RENTALS: AGEING

Current (0 - 30 Days)	101 582 467	121 475 240
31 - 60 Days	11 486 327	13 343 814
61 - 90 Days	8 600 647	12 331 051
91 - 120 Days	7 874 561	9 947 166
121 - 365 Days	7 583 886	11 445 536
+ 365 Days	134 407 463	118 420 167
Adjustment for corrections	-	-
TOTAL	271 535 352	286 962 974

SUMMARY OF DEBTORS BY CUSTOMER CLASSIFICATION

	<u>CONSUMERS</u>	<u>INDUSTRIAL/ COMMERCIAL</u>	<u>NATIONAL AND PROVINCIAL GOV.</u>	<u>TOTAL</u>
30 JUNE 2008				
Current (0 - 30 Days)	66 633 154	69 573 946	6 323 565	142 530 665
31 - 60 Days	13 461 596	4 445 679	5 917 036	23 824 310
61 - 90 Days	10 537 887	4 040 032	4 986 558	19 564 476
91 - 120 Days	10 546 236	2 445 386	3 849 032	16 840 654
121 - 365 Days	10 720 769	2 338 562	2 961 524	16 020 855
+ 365 Days	124 227 523	19 724 970	72 698 253	216 650 746
SUB-TOTAL	236 127 164	102 568 575	96 735 968	435 431 707
Less: Provision For Bad Debts	(154 083 500)	(24 508 918)	-	(178 592 418)
TOTAL DEBTORS BY CUSTOMER CLASSIFICATION	82 043 664	78 059 657	96 735 968	256 839 289

30 JUNE 2007				
Current (0 - 30 Days)	55 375 225	51 142 038	12 400 107	118 917 369
31 - 60 Days	10 648 874	3 562 417	6 410 455	20 621 747
61 - 90 Days	10 189 751	2 902 902	4 858 059	17 950 712
91 - 120 Days	8 992 785	2 237 208	4 074 318	15 304 312
121 - 365 Days	9 629 863	2 922 222	4 016 469	16 568 555
+ 365 Days	150 610 635	37 459 430	52 702 924	240 772 989
SUB-TOTAL	245 447 133	100 226 217	84 462 333	430 135 683
Less: Provision For Bad Debts	(175 008 616)	(32 009 328)	-	(207 017 944)
TOTAL DEBTORS BY CUSTOMER CLASSIFICATION	70 438 517	68 216 889	84 462 333	223 117 739

THE MSUNDUZI MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

	2008	2007
	R	R
<u>BAD DEBT PROVISION</u>		
Balance at beginning of year	207 017 944	184 257 830
Contributions	70 000 000	20 000 000
Transfers	-	2 760 114
Bad debts written off	(98 425 527)	-
Balance at the end of the year	178 592 417	207 017 944

Debtors were disclosed at nominal value net of provision for bad debts and no discounting was performed in terms of the exemption granted in Gazette 30013.

15 OTHER DEBTORS

	44 299 357	42 010 361	
Sundry debtors	44 299 357	42 010 361	
Less: Provision for bad debts - Sundry debtors			
Total other debtors	44 299 357	42 010 361	

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Other Debtors were disclosed at nominal value net of provision for bad debts and no discounting was performed in terms of the exemption granted in Gazette 30013.

Note: Other debtors balance as at 1 July 2007 was restated by an amount of R 2 091 184. (See note 36)

16 BANK, CASH AND OVERDRAFT BALANCES

The municipality has the following bank accounts with - First National Bank Ltd.:

CURRENT ACCOUNT (PRIMARY BANK ACCOUNT)

Account number: 5094187782

Cashbook balance at the beginning of the year	(16 650 128)	(15 133 522)	(16 915 150)
Cashbook balance at the end of the year	1 280 210	(16 650 128)	1 339 560
Bank statement balance at the beginning of the year	11 871 254	14 708 526	13 654 918
Bank statement balance at the end of the year	8 816 824	11 871 254	10 542 320

CURRENT ACCOUNT - POST OFFICE

Account number: 62006041157

Cashbook balance at the beginning of the year	1 618 218	1 289 470
Cashbook balance at the end of the year	(700)	1 618 218
Bank statement balance at the beginning of the year	-	-
Bank statement balance at the end of the year	-	-

CURRENT ACCOUNT - ELECTRONIC TRANSFERS

Account number: 5090058750

Cashbook balance at the beginning of the year	-	-
Cashbook balance at the end of the year	-	-
Bank statement balance at the beginning of the year	4 426	5 127
Bank statement balance at the end of the year	69 867	4 426

THE MSUNDUZI MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006

	2006	2007
	R	R
<u>CURRENT ACCOUNT - UNPAID CHEQUE ACCOUNT</u>		
Account number: 5094187774		
Cashbook balance at the beginning of the year	-	-
Cashbook balance at the end of the year	(39 321)	-
Bank statement balance at the beginning of the year	(60 196)	(166 291)
Bank statement balance at the end of the year	(39 321)	(60 196)
<u>Balance as per ledger</u>	7 963 528	16 429 200

Note: The ledger balance includes amounts of (R 6 723 339) and (R 39 321) that relates to creditors and un-paid cheques respectively.

<u>CURRENT ACCOUNT - SLUM CLEARANCE</u>		
Account number: 62058007264		
Cashbook balance at the beginning of the year	6 882 062	8 537 378
Cashbook balance at the end of the year	12 966 982	6 882 062
Bank statement balance at the beginning of the year	6 839 061	8 537 378
Bank statement balance at the end of the year	12 882 783	6 839 061
<u>Balance as per ledger</u>	12 966 982	6 882 062

Note: The Cash Book balance includes interest of R 84 199.

<u>CURRENT ACCOUNT - LIBRARY EXTENSION</u>		
ACCOUNT NUMBER: 62065528930		
Cashbook balance at the beginning of the year	85 935	6 191 981
Cashbook balance at the end of the year	6 282 327	85 935
Bank statement balance at the beginning of the year	85 101	6 191 981
Bank statement balance at the end of the year	6 241 291	85 101
<u>Balance as per ledger</u>	6 282 327	85 935

Note: The Cash Book balance includes interest of R 41 036.

<u>CURRENT ACCOUNT - RESTRUCTURING GRANT</u>		
ACCOUNT NUMBER: 62052319756		
Cashbook balance at the beginning of the year	7 162 613	6 968 479
Cashbook balance at the end of the year	4 642 437	7 162 613
Bank statement balance at the beginning of the year	7 162 613	6 968 478
Bank statement balance at the end of the year	4 642 437	7 162 613
<u>Balance as per ledger</u>	4 642 437	7 162 613

THE MSUNDUZI MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006

	2006	2007
	R	R
<u>CURRENT ACCOUNT - TRAFFIC FINES</u>		
Account number: 62045272143		
Cashbook balance at the beginning of the year	-	838 503
Cashbook balance at the end of the year	-	-
Bank statement balance at the beginning of the year	29 250	838 503
Bank statement balance at the end of the year	29 250	29 250
<u>Balance as per ledger</u>	29 650	29 250

CURRENT ACCOUNT - MARKET ACCOUNT
Account number: 50941840627

Cashbook balance at the beginning of the year	-	-
Cashbook balance at the end of the year	-	-
Bank statement balance at the beginning of the year	1 866 045	993 933
Bank statement balance at the end of the year	1 387 910	1 866 045
<u>Balance as per ledger</u>	1 387 910	1 248 563

CURRENT ACCOUNT - ORIBI AIRPORT
Account number: 62069378539

Cashbook balance at the beginning of the year	(266 959)	(193 911)
Cashbook balance at the end of the year	(548 330)	(266 959)
Bank statement balance at the beginning of the year	43 489	220 670
Bank statement balance at the end of the year	(325 444)	43 489
<u>Balance as per ledger</u>	(562 033)	(223 374)

CURRENT ACCOUNT - FORESTRY ACCOUNT
First National Bank Limited
Account number: 50930082248

Cashbook balance at the beginning of the year	439 105	439 105
Cashbook balance at the end of the year	314 972	439 105
Bank statement balance at the beginning of the year	186 113	206 060
Bank statement balance at the end of the year	314 972	186 113

CALL ACCOUNT - FORESTRY ACCOUNT
Absa Bank Limited
Account number: 9076022706

Cashbook balance at the beginning of the year	1 018 285	880 103
Cashbook balance at the end of the year	1 221 371	1 018 285
Bank statement balance at the beginning of the year	1 018 285	880 103
Bank statement balance at the end of the year	1 221 371	1 018 285
<u>Balance as per ledger</u>	321 478	638 624

THE MSUNDUZI MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006

	2006	2007
	R	R
<u>CURRENT ACCOUNT</u>		
Forestry service operations		
Cashbook balance at the beginning of the year	18 945 289	(14 755 405)
Cashbook balance at the end of the year	<u>(18 945 289)</u>	<u>18 945 289</u>
Bank statement balance at the beginning of the year	<u>-</u>	<u>-</u>
Bank statement balance at the end of the year	<u>-</u>	<u>-</u>
Balance as per ledger	<u>(29 648 294)</u>	<u>(18 945 289)</u>
Total ledger balances for bank accounts	<u>3 383 985</u>	<u>13 307 584</u>
Petty Cash at hand	<u>40 680</u>	<u>40 731</u>

MEMORANDUM ACCOUNTS

CURRENT ACCOUNT - METRO TRANSPORT FUND

Account number: 50941849512

Cashbook balance at the beginning of the year	-	-
Cashbook balance at the end of the year	<u>9 645 563</u>	<u>-</u>
Bank statement balance at the beginning of the year	<u>765 771</u>	<u>13 813</u>
Bank statement balance at the end of the year	<u>964 563</u>	<u>765 771</u>

CURRENT ACCOUNT - SALARIES ACCOUNT

Account number: 50941847029

Cashbook balance at the beginning of the year	(265 022)	331 343
Cashbook balance at the end of the year	<u>98 671</u>	<u>(265 022)</u>
Bank statement balance at the beginning of the year	<u>(26 611)</u>	<u>446 675</u>
Bank statement balance at the end of the year	<u>307 040</u>	<u>(26 611)</u>

CURRENT ACCOUNT - SALARIES PACS ACCOUNT No: 1

Account number: 62003432846

Cashbook balance at the beginning of the year	-	-
Cashbook balance at the end of the year	<u>-</u>	<u>-</u>
Bank statement balance at the beginning of the year	<u>-</u>	<u>4 333</u>
Bank statement balance at the end of the year	<u>-</u>	<u>-</u>

CURRENT ACCOUNT - SALARIES PACS ACCOUNT No: 2

Account number: 62003433414

Cashbook balance at the beginning of the year	-	-
Cashbook balance at the end of the year	<u>-</u>	<u>-</u>
Bank statement balance at the beginning of the year	<u>161 519</u>	<u>121 426</u>
Bank statement balance at the end of the year	<u>388 588</u>	<u>161 519</u>

THE MSUNDUZI MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006

	2006	2007
	R	R
17 PROPERTY RATES		
<u>Actual</u>		
Residential	139 887 176	205 240 559
Commercial	148 583 820	143 921 190
State	40 806 449	48 289 793
Vacant Land	16 755 893	19 896 322
Municipal	-	-
Total Assessment Rates	346 033 339	417 347 864
Less : Adjustments processed	(965 503)	(2 880 999)
	345 067 836	414 466 865
<u>Valuations</u>		
Residential	8 631 921 600	7 928 152 800
Commercial	5 248 625 200	5 116 191 500
State	2 096 870 000	2 111 566 300
Vacant Land	283 068 400	269 575 318
Municipal	-	-
Total Property Valuations	16 260 485 200	15 425 485 918
18 SERVICE CHARGES		
Sale of Electricity	588 763 396	622 515 295
Sale of Water	192 860 811	187 488 118
Sewerage	68 376 520	68 718 633
Refuse	46 703 450	44 633 940
Other	-	-
Total Service Charges	896 704 176	923 355 986
Less: Forgone Income	(222 825 257)	(228 778 626)
	673 878 919	694 577 361
19 GOVERNMENT GRANTS AND SUBSIDIES		
<u>GOVERNMENT GRANTS</u>		
Conditional Grants - Income	17 455 164	10 125 299
Grants - Other	-	4 258 640
Grants & Subsidies / Capital	97 770 614	47 844 353
RSG - Income	-	-
National Electricity Programme	-	-
Equitable Share	142 974 380	119 512 385
Total Government Grants	258 200 159	181 740 677
<u>PROVINCIAL SUBSIDIES</u>		
Natal Provincial Administration	-	-
Natal Provincial Administration - Subsidy	8 180 956	10 820 543
Provincial Subsidy - Environmental Health	-	25 065
	-	-
	-	-
Total Provincial Subsidies	8 180 956	10 845 608
Total Government Grants & Subsidies Received	266 381 115	192 586 285

THE MSUNDUZI MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

2008
R

2007
R

Equitable Share

In terms of the constitution, this grant is used to subsidise the provision of basic and administrative services to the indigent community members and to subsidise income.

Other Grants And Subsidies

All other grants receipted were reimbursements for expenditure incurred.

National/Provincial Government Grant & Other Funding (expenditure reimbursement)

Conditional Grants and subsidies are receipted to the Conditional Grant Creditor accounts and all non-capital expenditure is expensed through the Statement of Financial Performance. Reimbursements for conditions satisfied, including capital expenditure, are journalised against the Conditional Grant Creditor accounts.

Refer to Note 8, appendix G and for more detail on the conditional grant and subsidy balances and transaction movements for 2007/08.

Conditions on the funding were complied with and no funds were withheld.

20 OTHER- INCOME

Airport	1 851 896	1 947 200
Forestry	10 278 274	11 241 898
Market	14 220 662	12 422 705
Burials & Cremations	1 561 538	1 393 866
Buildings	2 407 621	2 361 780
Re-connections	7 053 174	7 114 320
Training Levy Recoveries	1 577 104	1 307 014
Discount Received	618 884	738 148
Sundry Income	16 090 634	10 215 584
Other Income	168 106 420	181 045
Other Income - Gains - Sale Of Assets	-	2 772
Other Income - Gains - Land Sales	7 239 228	10 334 290
Total Other Income	231 005 434	59 260 622

THE MSUNDUZI MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006

	2006	2007
	R	R
21 GENERAL EXPENSES - OTHER		
Distribution - Wages	36 895 898	36 436 385
Leave/sick Pay - Downtime	13 313 416	12 036 950
Extraordinary	10 084 367	4 838 244
Discounts To Bulk Consumers	* 102 814 767	113 827 191
Other Rebates	* 107 395 092	21 543 315
Poor Relief/Indigents	* 12 615 398	93 408 120
Pensions Payable	9 368 754	8 358 758
Insurance	16 127 377	15 231 606
Mayoral Projects	6 031 042	5 053 520
Telephones	8 618 517	8 118 252
Government Grant Expenditure	15 673 485	8 707 309
External Services	28 469 603	11 039 057
Contracted Services	11 049 414	9 295 572
Airport	4 092 215	6 929 617
Forestry	8 496 447	8 760 293
Market	4 715 263	12 964 775
Other	74 537 459	55 199 893
	<hr/>	<hr/>
	470 298 514	431 748 856
Less: Forgone Expenses	(222 825 257)	(228 778 626)
Total General Expenses - Other	<hr/> 247 473 257 <hr/>	<hr/> 202 970 230 <hr/>
 Reconciliation : Total General Expenses - Other		
Total General Expenses	470 298 514	431 748 856
Less: Income Foregone	222 825 257	228 778 626
Discounts	* 102 814 767	113 827 191
Poor Relief	* 12 615 398	93 408 120
Other Rebates	* 107 395 092	21 543 315
General Expenses - Other	<hr/> 247 473 257 <hr/>	<hr/> 202 970 230 <hr/>
 Inventory Write Off - refer to note 13	<hr/> 143 365 <hr/>	<hr/> 23 602 <hr/>
 22 EMPLOYEE RELATED COSTS		
Salaries & Wages	336 213 000	297 326 862
Contributions for UIF, Pensions & medical Aid	82 149 647	72 603 361
Travel, Motor car, accommodation, subsistence & other allowances	16 125 590	18 485 808
Housing benefits & allowances	5 306 271	4 178 283
Overtime payments	49 964 735	32 307 079
Long service awards	11 099 994	9 481 869
Less: Employee costs capitalised to Property, Plant & Equipment	-	-
Less: Employee costs included in other expenses	-	-
	<hr/> 500 859 238 <hr/>	<hr/> 434 383 262 <hr/>

THE MSUNDUZI MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

	2008	2007
	R	R
Remuneration of the City Manager		
Annual Remuneration	506 555	276 397
Performance Bonuses	-	101 162
Car Allowance	40 408	47 314
Contributions for UIF, Medical & Pension Funds	143 527	583
Total	690 490	425 456

The above remuneration for 2007/2008 only represents 8 months remuneration due to the appointment of the City Manager on 1 November 2007.
No Performance bonus was paid in 2007/2008

Remuneration of the Chief Financial Officer		
Annual Remuneration	536 820	89 597
Performance Bonuses	-	91 403
Car Allowance	96 000	12 560
Contributions for UIF, Medical & Pension Funds	106 448	4 745
Total	739 269	198 305

The above remuneration for 2007/2008 only represents only 11 months remuneration due to the appointment of the Chief Financial Officer on 1 August 2007. No Performance bonus was paid in 2007/2008

Remuneration of the Executive Manager of Internal Audit		
Annual Remuneration	-	275 984
Acting Allowance - Acting Allowance July 2007 to April 2008	215 766	-
Performance Bonuses	-	61 627
Car Allowance	-	27 857
Contributions for UIF, Medical & Pension Funds	-	13 004
Total	215 766	378 473

Remuneration of the Executive Manager of Community Services & Social Equity		
Annual Remuneration	539 862	507 386
Performance Bonuses	52 538	75 242
Car Allowance	158 894	149 340
Contributions for UIF, Medical & Pension Funds	1 473	1 435
Total	752 767	733 403

Remuneration of the Executive Manager of Sound Governance & Human Resources		
Annual Remuneration	638 756	589 657
Acting Allowance	-	86 677
Performance Bonuses	52 538	-
Car Allowance	60 000	60 000
Contributions for UIF, Medical & Pension Funds	1 473	1 435
Total	752 767	737 770

Remuneration of the Executive Manager of Corporate Strategic Planning		
Annual Remuneration	585 203	534 059
Performance Bonuses	52 538	88 211
Car Allowance	113 553	113 553
Contributions for UIF, Medical & Pension Funds	1 473	1 435
Total	752 767	737 259

Remuneration of the Executive Manager of Infrastructure, Services & Facilities		
Annual Remuneration	650 756	605 120
Acting Allowance	-	90 896
Performance Bonuses	52 538	60 000
Car Allowance	48 000	52 914
Contributions for UIF, Medical & Pension Funds	1 473	1 435
Total	752 767	810 365

Remuneration of the Executive Manager of Economic Development & Growth		
Annual Remuneration	-	492 502
Acting Allowance	173 345	61 073
Performance Bonuses	52 538	85 785
Car Allowance	18 927	61 512
Contributions for UIF, Medical & Pension Funds	49 611	139 231
Total	294 421	840 104

THE MSUNDUZI MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006

	2006	2007
	R	R
23 REMUNERATION OF COUNCILLORS		
Mayor	569 426	545 771
Deputy Mayor	454 667	444 921
Speaker	454 667	449 362
Executive Committee Members	3 410 000	3 704 392
Councillors	9 109 913	9 002 469
Councillors' Pension and Medical Contribution	1 392 760	1 293 408
Other	75 712	62 760
Total Councillors' Remuneration	15 467 145	15 503 082
In-Kind Benefits		
The Mayor, Deputy Mayor, Speaker and Executive Committee Members (Exco) are employed full-time.		
All are provided with a separate office and secretarial support at a cost to Council.		
The Mayor and Deputy Mayor use a Council owned vehicle for official duties.		
The Mayor and Deputy Mayor have security and an official driver at a cost to Council.		
24 INTEREST PAID		
Annuity & Finance Loans	45 957 235	44 319 973
Other	9 070 998	5 874 107
Total Interest on External Borrowings	55 028 233	50 194 080
25 BULK PURCHASES		
Electricity	321 275 361	307 241 378
Water	194 174 295	187 763 798
Total Bulk Purchases	515 449 656	495 005 176
26 GRANTS AND SUBSIDIES PAID		
Community Bodies	780 323	920 124
Arts and culture	602 527	308 695
Safe City Project	3 000 000	2 462 148
Mayors grants	9 700	8 200
Total Grants and Subsidies Paid	4 392 550	3 699 167
27 CONTRIBUTIONS TO/(FROM) PROVISIONS		
Surplus Contribution - Bad Debt Provision	10 000 000	20 000 000
Surplus Contribution - Stated Benefits Provision	-	-
Surplus Contribution - Landfill Rehabilitation Provision	-	22 000 000
	-	-
Total Contributions To/(From) Provisions	10 000 000	42 000 000

THE MSUNDUZI MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

	2008	2007	
	R	R	
28 CASH GENERATED BY OPERATIONS			0
Net Surplus for the year	106 681 163	66 318 062	
Adjustment for:			
Previous years	-	-	
Transfer to Housing Dev Fund	-	-	
Contribution to Provision	10 861 265	-	
Depreciation	96 408 759	94 635 729	
Forestry write back	10 704 235	2 977 411	
Gain on sale of assets	(7 239 228)	(10 337 062)	
Investment Income	(29 320 951)	(22 721 389)	
Interest Paid	55 028 233	50 194 080	
Operating Surplus Before Working Capital Changes:	243 123 476	181 066 831	0
(Increase)/Decrease in Inventories	(3 974 190)	(16 808 456)	
(Increase)/Decrease in Provision for obsolete inventory	143 365	23 602	
(Increase)/Decrease in Service Debtors	(4 387 332)	(74 036 557)	
(Increase)/Decrease in Provision for Bad Debts	(98 425 527)	22 760 114	
(Increase)/Decrease in Current Provisions	(1 430 837)		
(Increase)/Decrease in Other Debtors	(3 197 689)	(10 468 688)	
(Increase)/Decrease in Conditional Grants & Receipts	50 979 212	(27 339 274)	
Increase/(Decrease) in Creditors	28 419 575	72 331 059	
Increase/(Decrease) in VAT	(8 877 378)	7 982 034	
Working Capital Changes	(40 750 801)	(25 556 166)	
Cash Generated from Operations	202 372 675	155 510 665	0
29 CASH AND CASH EQUIVALENTS			0
Cash	40 680	40 731	
Bank Balances	3 383 985	13 307 584	
Call & Short Term Deposits	260 420 761	207 602 643	
Net Increase in Cash and Cash Equivalents	263 845 426	220 950 958	0
30 UTILIZATION OF LONG-TERM LIABILITIES RECONCILIATION			0
Long-Term Liabilities (Refer Appendix A)	90 000 000	5 995 417	
Used to Finance Property, Plant and Equipment	(90 000 000)	(5 995 417)	
Used to Finance Property, Plant and Equipment previous years	-	-	
Reinstatement of Loans Erroneously Written Off	-	-	
Balance of long-term liabilities unspent	-	-	0
Cash Invested for Repayment of External Loans	-	-	
A loan of R 90m was negotiated with DBSA to fund 2006/2007 capital expenditure. The loan was received in 2007/08 financial year.			
All long term loans are raised to finance capital expenditure only. No operating expenditure is financed from long term loan. All purchases against the capital expenditure are analysed and reconciled to individual asset values. This eliminates any contravention of the MFMA, which stipulates that loan funding cannot finance operating activities.			
31 ADDITIONAL DISCLOSURES IN TERMS OF THE MUNICIPAL FINANCE MANAGEMENT ACT			
<u>Contributions to SALGA</u>			
Opening Balance	-	-	
Council Subscriptions	1 394 494	216 065	
Amount Paid - Current Year	(1 394 494)	(216 065)	
Amount Paid - Previous Years	-	-	
Balance Unpaid	-	-	

THE MSUNDUZI MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006

	2006	2007
	R	R
<u>Audit Fees</u>		
Opening Balance	18 342	4 877
Over Provision Written Back	43 608	13 465
Audit Fee invoiced	(1 432 227)	(1 375 048)
Amount Paid - Current Year	-	-
Amount Paid - Previous Years	1 432 227	1 375 048
Balance Unpaid	61 950	18 342

PAYE and UIF

Opening Balance	(32 915)	(32 915)
Current Year Payroll Deductions	61 810 390	64 195 400
Amount Paid - Current Year	(61 810 390)	(64 195 400)
Amount Paid - Previous Years	-	-
Balance	(32 915)	(32 915)

Note: The difference represents PAYE & UIF deducted from the employees salaries, however payroll will have to be adjusted

Pension and Medical Aid Deductions

Opening Balance	-	-
Current Year Payroll Deductions and Council Contributions	133 286 007	119 908 164
Amount Paid - Current Year	(133 286 007)	(119 908 164)
Amount Paid - Previous Years	-	-
Balance Unpaid	-	-

Councillor's Arrear Consumer Accounts

Note: There are no reportable items

32 CAPITAL COMMITMENTS

Commitments in respect of capital expenditure:

- Approved and Contracted for		
Infrastructure	43 693 410	10 615 987
Community	-	-
Heritage	-	-
Other	-	-
Total Commitments	43 693 410	10 615 987

This expenditure will be financed from :

- External Loans	5 600 000	10 615 987
- Government Grants	-	-
- Other	38 093 410	-
	43 693 410	10 615 987

33 CONTINGENT LIABILITIES/ASSETS

The Scorpions special investigating unit is currently investigating procurement procedures and practices of the past. This investigation is on going and might result in the recovery of losses due to Council.

P J Terwolbeek v The Msunduzi Municipality: For water damage in Waverlydale Road (Boughton) : R 1 121 620 Solicitors: Messers Stowell & Co.

I Ogilvie v The Msunduzi Municipality: Accidentally fell into an open trench on Murray Road: R 166 161

D V Ngcobo v The Msunduzi Municipality: Pedestrian accident involving council vehicle : R 1.8 million

F Osman v The Msunduzi Municipality:Fell on uneven pavement on Bombay Road: R 198 840 Solicitors:Cajee Setsubi Chetty Inc

Zeedim Investments v The Msunduzi Municipality:For overpayment of municipal services: R 450 184

Jewitt v Msunduzi Municipality: Damage claim: Devaluation of property: Alleged failure to remove informal settlers: R 10 million: pending before court. Solicitors: Messers Hawthorn Cameron.

THE MSUNDUZI MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

	2008	2007
	R	R
34 RETIREMENT BENEFIT INFORMATION		
The employees of the Council as well as the Council as employer, contribute to municipal pension, retirement and various provident funds as listed below:		
- Natal Joint Pension Fund		
- Natal Joint Provident Fund		
- Government Employees Pension Fund		
- AIPF		
- SALA Pension Fund		
- Councillors Pension Fund		
- PMB Providend Fund		
35 IN-KIND DONATIONS AND ASSISTANCE		
National Treasury has appointed a financial advisor during the financial year for a period of two years.		
36 CORRECTION OF ERROR		
Transactions for the year ended 30 June 2008 in respect of the year ended 30 June 2007 have been restated as follows:		
Transactions affecting Creditors	-	(19 765 814)
Transactions affecting Inventory	-	-
Transactions affecting Consumer Debtors	-	-
Transactions affecting Other Debtors	-	(2 091 842)
Transactions affecting Provisions	-	-
Transactions affecting Bank	-	-
Transaction affecting VAT	-	(4 845 765)
Transaction affecting Long Term Liabilities	-	(44 988)
Net Effect on Accumulated Surplus	-	(26 748 410)
37 MUNICIPAL ENTITIES		
<u>Note:</u> The Safe City Project PMB was declared a Municipal Entity in terms of the MFMA and was incorporated as a Section 21 Company and was initiated in partnership with the business sector to create a safer CBD.		
The Msunduzi Municipality is taking full advantage of the exemption in Gazette 30013 dated 29 June 2007 and thereby not producing consolidated statements for 2007/08		
Refer to Annexure H for the annual financial statements of Safe City.		
38 UNAUTHORIZED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED		
None to report on		

THE MSUNDUZI MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

2006
R

2007
R

39 CHANGE IN ACCOUNTING POLICY

The exemptions granted in Gazette 30013 of 29 June 2007 had the following effect on the accounting policies as expressed in the 2007/08 financial year:

Policy no 6. Property, Plant and Equipment

Reviewing of estimated lifecycles and depreciation methods were not applied.

No testing for impairment was performed.

Investment properties were not separately identified.

Comparative information has not been reclassified and may therefore, not be consistent with the current year information and amounts.

Leases - no accounting policy were presented in the 2007/08 financial year.

Leases and rentals are recognised on the basis of the cash flows in the lease or rental

The exemption does not effect the recognition in the 2007/08 financial year.

Policy 5.3. Government Grant Reserve.

In the 2005/06 financial year this Reserve was disclosed as part of the net assets and was transferred to the accumulated surplus in 2007/08 as there are no standard that regulates the transactions that were applied to this reserve.

The change was done prospectively.

Impairment of assets. - the only specific reference to impairment in the 2005/06 financial year accounting policies were in the policy describing Property, Plant and Equipment. No Policy for cash generating assets existed.

No impairment testing was done for the 2006/07 and 2007/08 financial years.

Policy 8. Inventories

Disclosure of assets for sale is not affected as inventory but as property, plant and equipment.

IFRS 5 were not applied during the 2007/08 financial year.

40 EXEMPTIONS GRANTED IN GAZETTE 30013 DATED 29 JUNE 2007

The Msunduzi Municipality is making full use of the exemptions.

Due to taking advantage of the exemptions granted the 2006/07 comparatives may not be consistent with the accounting policies applied and information presented and disclosed in the 2007/08 year.

The Msunduzi Municipality has drawn up an implementation plan to facilitate full compliance to the accounting in standards 2009.

To achieve full compliance the information in the annual financial statements will have to be adjusted to make provision for:

- Presenting assets and liabilities at fair value.
- Providing for all obligations.
- Recapitalise the value of all infrastructure and property assets.
- Straight lining leases and rental income and payments.
- Identify and account for Investment assets.
- Identify and account for Intangible assets.
- Determination of risk (credit and interest).
- Impairment.

THE MSUNDUZI MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006

	2006	2007
	R	R
41 PRE-PAID ELECTRICITY		
41.1 <u>1. Commissions</u>		
Commissions are calculated on sales from prepaid electricity sales made by vendors on behalf of the Municipality.		
During the 2007/08 financial year, the commissions have been correctly calculated and are included in general expenses of the Municipality. During the 2006/07 financial year, two vendors had defaulted in depositing amounts received from prepaid sales. As a result, no commission was paid to them. This matter is being dealt with the legal division.		
They defaulting vendors are Sweetwaters and Phayiphini who had ceased trading in January 2007 and October 2006 respectively.		
Effect on Statement of Performance		
Sweetwaters	-	8 160
Phayiphini	-	5 645
	-	13 805
41.2 <u>Outstanding liability of vendors</u>		
The outstanding liability owed to the Municipality by the prepaid vendors is included in the debtors figures. During the 2007/08 financial year, irregularities were identified regarding the deposits made by the vendors. This matter is currently being investigated and has caused financial loss to the Municipality.		
Estimated financial loss	802 150	-
During the previous financial years Sweetwaters and Phayiphini Office had defaulted in depositing money received from prepaid sales. The amounts of R 55,723 and R 75,896 respectively, were deemed irrecoverable during the 2005/06 financial year. The amounts of R 13,980 and R 15,671, being the movements for the 2006/07 year, are also deemed irrecoverable. It is proposed that they be written off. The matter is being handled by the legal division.		
42 EVENTS ARISING AFTER REPORTING DATE		
None		
43 RELATED PARTIES DISCLOSURE		
<u>NCT Forestry</u>		
The Natal Co-operative Timber (NCT) Company manages timber plantations established on Council owned land on behalf of the Council by a management agreement. NCT is entitled to 5% management fee based on net profit for the year - R 93 780 based on nett profit : R 1 875 608.		
<u>Safe City</u>		
This entity has been formed as a partnership with the business community to combat crime in the City. Council allocated a grant in aid to the entity for R 3 000 000 (2007/08) year and R 2 462 148 (2006/07) year.		

THE MSUNDUZI MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

	2006	2007
	R	R
44 OPERATING LEASES		
<u>BUILDINGS</u>		
Compen - leased for 3 years from 10.06.2007 to 31.05.2010		
Rental for leased period - 01.06.2007 to 30.11.2007	689 130	6 months
Rental for leased period - 01.12.2007 to 31.05.2008	754 247	6 months
Rental for leased period - 01.06.2008 to 31.05.2009	1 629 173	12 months
Rental for leased period - 01.06.2009 to 31.05.2010	1 759 507	12 months
	<u>4 832 057</u>	
<u>COPIERS AND FAX MACHINES</u>		
Leased for 3 years from 27.05.2005 to 28.05.2008		
Rental for leased period - 27.05.2005 to 26.05.2006	1 356 616	12 months
Rental for leased period - 27.05.2006 to 26.05.2007	1 412 282	12 months
Rental for leased period - 27.05.2007 to 26.05.2008	1 412 282	12 months
	<u>4 181 180</u>	
45 <u>TRAFFIC FINES OUTSTANDING AS AT 30 JUNE 2008</u>		
As per the NATIS (National Traffic Information System) THE MSUNDUZI MUNICIPALITY - TRAFFIC DEPARTMENT		
Notice Of Intention To Prosecute - 341's	311 640	
Notice Before Summons	3 300	
Section 54 Notices - Summons	504 100	
Unfinalized Fines	426 200	
Warrants Of Arrests	5 826 270	
	<u>7 071 510</u>	
46 <u>FRAUDULENT ACTIVITIES</u>		
During this financial year non transferable cheques to the value of R 1 063 675 was intercepted in the post and then fraudulently cashed at various First National Bank branches in Pinetown, Durban and Pietermaritzburg. First National Bank has made good on these cheques which resulted in no loss to council. Internal investigations revealed that four Council employees were involved in this fraudulent activity. Disciplinary hearings were held which then resulted in the suspension of the four employees, to date one employee has been dismissed and the remaining three are still on suspension.		

<p align="center"><u>THE MSUNDUZI MUNICIPALITY</u></p> <p align="center"><u>APPENDIX A</u></p> <p align="center"><u>SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2008</u></p>							
<u>EXTERNAL LOANS</u>	<u>ACCOUNT NO</u>	<u>Loan Number</u>	<u>Redeemable</u>	<u>Balance at 30/06/07</u>	<u>Received during the period</u>	<u>Redeemed written off during the period</u>	<u>Balance at 30/06/08</u>
LONG-TERM LOANS				R	R	R	R
DBSA - 15.5%	PMB8108710930	11158	30/09/2018	11 825 821	-	412 371	11 413 450
DBSA - 15.5%	PMB8108710930	11159	31/03/2019	14 539 603	-	462 767	14 076 835
DBSA - 15.5%	PMB8108710930	11160	31/03/2019	12 391 455	-	394 396	11 997 059
DBSA - 16.5%	PMB8108710930	13446	31/03/2020	22 689 919	-	559 384	22 130 535
DBSA - 16.5%	PMB8108710930	13447	31/03/2020	9 671 824	-	238 444	9 433 380
DBSA - 16.5%	PMB8108710930	13448	31/03/2020	14 320 426	-	353 048	13 967 379
DBSA - 14.27%	PMB8108710930	14039/101	31/12/2014	48 331 198	-	4 035 874	44 295 325
DBSA - 14.27%	PMB8108710930	14039/102	31/12/2015	1 318 760	-	89 919	1 228 840
DBSA - 14.27%	PMB8108710930	102091	2020/02/11	5 265 000	-	194 387	5 070 613
DBSA - 14.27%	PMB8108710930	102416	28/06/2021	49 099 998	-	1 886 030	47 213 968
DBSA - 10.75%	PMB7878719598	11649	30/6/2013	32 452	-	4 089	28 363
DBSA - 9.31%	PMB8108710930	101922	30/09/2020	24 276 822	-	967 283	23 309 539
DBSA - 8.7%	PMB8108710930	102797	30/09/2022	-	90 000 000	1 717 831	88 282 169
DBSA Total				213 763 279	90 000 000	11 315 823	292 447 456
RMB/INCA - 16.35%	PMB8108710929	Piet-00-0001	31/12/2010	42 727 456	-	10 561 375	32 166 081
RMB/INCA - 13.39%	PMB8108710929	Msun-00-0001	31/12/2010	23 181 139	-	3 836 803	19 344 336
INCA - 11.65%	PMB8108710929	Msun-00-0001	31/12/2013	23 137 441	-	2 545 468	20 591 973
RMB/INCA Total				89 046 036	-	16 943 646	72 102 390
INCA - 11.75%	PMB8108710997	PMB107XA-S	01/11/2007	1 400 000	-	1 400 000	-
INCA - 14.50%	PMB81087 0996	PMB107XB-S	01/11/2007	4 000 000	-	4 000 000	-
RMB/HULETTS - 8.71%	PMB8108710931	Sub-station	30/06/2013	7 301 279	-	716 886	6 584 393
RMB/HULETTS Total				12 701 279	-	6 116 886	6 584 393
Metro Transport Fund - 5.5%	PMB8108710906			-	-	-	-
Eastwood Library				-	-	-	-
DSB	PMB7878719599	Plessislaer	2008	5 326	-	5 326	-
DSB	PMB7878719598	Plessislaer	2008	680	-	680	-
DSB		Ashburton	2008	0	-	-	-

THE MSUNDUZI MUNICIPALITY

APPENDIX A

SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2008

<u>EXTERNAL LOANS</u>	<u>ACCOUNT NO</u>	<u>Loan Number</u>	<u>Redeemable</u>	<u>Balance at 30/06/07</u>	<u>Received during the period</u>	<u>Redeemed written off during the period</u>	<u>Balance at 30/06/08</u>
Other loans total				6 006	-	6 006	-
Total Long-term Loans				315 516 600	90 000 000	34 382 361	371 134 239

<p align="center"><u>THE MSUNDUZI MUNICIPALITY</u></p> <p align="center"><u>APPENDIX A</u></p> <p align="center"><u>SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2008</u></p>							
<u>EXTERNAL LOANS</u>	<u>ACCOUNT NO</u>	<u>Loan Number</u>	<u>Redeemable</u>	<u>Balance at 30/06/07</u>	<u>Received during the period</u>	<u>Redeemed written off during the period</u>	<u>Balance at 30/06/08</u>
LEASE LIABILITY							
Standard Bank - 12.909%	PMB 810 871 0947	Stannic 6	31/03/2009	1 514 670	-	745 189	769 481
Standard Bank - 13.409%	PMB 810 8710949	Stannic 7	10/07/2005	802 002	-	343 400	458 602
Standard Bank - 13.419%	PMB 810 8710950	Stannic 8	31/05/2009	693 197	-	233 155	460 042
Standard Bank - 13.527%	PMB 810 871 0951	Stannic 9	31/08/2009	248 307	-	80 693	167 614
Standard Bank - 13.327%	PMB 810 871 0952	Stannic 10	28/02/2010	66 917	-	21 702	45 215
Standard Bank - 13.537%	PMB 810 871 0953	Stannic 11	31/03/2010	66 919	-	21 701	45 219
Standard Bank - 13.537%	PMB 810 871 0954	Stannic 12	31/03/2010	733 293	-	229 560	503 733
Standard Bank - 13.378%	PMB 810 871 0955	Stannic 13	23/03/2010	356 049	-	111 715	244 334
Standard Bank - 13.378%	PMB 810 871 0956	Stannic 14	30/04/2010	155 218	-	48 660	106 558
Standard Bank - 13.337%	PMB 810 871 0957	Stannic 15	30/04/2010	226 408	-	71 015	155 393
Standard Bank - 13.294%	PMB 810 871 0958	Stannic 16	21/04/2010	463 177	-	140 420	322 757
Standard Bank - 13.268%	PMB 810 871 0959	Stannic 17	30/04/2010	1 140 032	-	334 280	805 751
Standard Bank - 13.357%	PMB 810 871 0960	Stannic 18	31/05/2010	203 403	-	55 829	147 574
Standard Bank - 13.382%	PMB 810 871 0961	Stannic 19	30/06/2010	164 383	-	45 105	119 277
Standard Bank - 13.273%	PMB 810 871 0962	Stannic 20	31/08/2010	954 134	-	262 153	691 981
Standard Bank - 13.263%	PMB 810 871 0963	Stannic 21	31/08/2010	1 799 155	-	479 043	1 320 112
Standard Bank - 13.294%	PMB 810 871 0964	Stannic 22	31/08/2010	751 445	-	213 834	537 611
Standard Bank Total				10 338 709	-	3 437 455	6 901 254

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<u>EXTERNAL LOANS</u>	<u>ACCOUNT NO</u>	<u>Loan Number</u>	<u>Redeemable</u>	<u>Balance at 30/06/07</u>	<u>Received during the period</u>	<u>Redeemed written off during the period</u>	<u>Balance at 30/06/08</u>
Nedbank -13.00%	PMB 810 871 0965	Nedbank 1	24/12/2011	144 812	-	25 093	119 719
Nedbank -13.00%	PMB 810 871 0966	Nedbank 2	24/12/2011	144 812	-	25 093	119 719
Nedbank -13.00%	PMB 810 871 0967	Nedbank 3	24/12/2011	144 812	-	25 093	119 719
Nedbank -13.00%	PMB 810 871 0968	Nedbank 4	24/12/2011	144 812	-	25 093	119 719
Nedbank -13.00%	PMB 810 871 0969	Nedbank 5	24/12/2011	144 812	-	25 093	119 719
Nedbank -13.00%	PMB 810 871 0970	Nedbank 6	24/12/2011	144 812	-	25 093	119 719
Nedbank -13.00%	PMB 810 871 0971	Nedbank 7	24/12/2011	144 812	-	25 093	119 719
Nedbank -13.00%	PMB 810 871 0972	Nedbank 8	24/12/2011	150 009	-	25 993	124 016
Nedbank -13.00%	PMB 810 871 0973	Nedbank 9	24/12/2011	150 173	-	26 022	124 151
Nedbank -13.00%	PMB 810 871 0974	Nedbank 10	24/12/2014	477 492	-	39 095	438 397
Nedbank -13.00%	PMB 810 871 0975	Nedbank 11	24/12/2014	477 492	-	39 059	438 433
Nedbank -13.00%	PMB 810 871 0976	Nedbank 12	24/12/2017	1 977 253	-	96 913	1 880 340
Nedbank -13.00%	PMB 810 871 0977	Nedbank 13	12/06/2012	162 483	-	24 378	138 105
Nedbank -13.00%	PMB 810 871 0978	Nedbank 14	12/06/2012	162 483	-	24 378	138 105
Nedbank -13.00%	PMB 810 871 0979	Nedbank 15	12/06/2012	162 483	-	24 378	138 105
Nedbank -13.00%	PMB 810 871 0980	Nedbank 16	12/06/2012	162 483	-	24 378	138 105
Nedbank -13.00%	PMB 810 871 0981	Nedbank 17	12/06/2012	162 483	-	24 378	138 105
Nedbank -13.00%	PMB 810 871 0982	Nedbank 18	12/06/2012	162 483	-	24 378	138 105
Nedbank -13.00%	PMB 810 871 0983	Nedbank 19	12/06/2012	162 483	-	24 378	138 105
Nedbank -13.00%	PMB 810 871 0984	Nedbank 20	12/06/2012	162 483	-	24 378	138 105
Nedbank -13.00%	PMB 810 871 0985	Nedbank 21	12/06/2012	162 483	-	24 378	138 105
Nedbank -13.00%	PMB 810 871 0986	Nedbank 22	12/06/2012	162 483	-	24 378	138 105
Nedbank Total				5 870 931	-	646 509	5 224 421
Absa - 10.65%	PMB8108710939	Absa 1	31/08/2007	346 789	-	346 789	-
Absa -13.31%	PMB8108710942	Absa 2	31/05/2009	3 283 132	-	1 601 550	1 681 582
Absa -14.22%	PMB8108710948	Absa 3	01/04/2009	83 387	-	43 003	40 384
ABSA Total				3 713 309	-	1 991 342	1 721 966
Total lease liability				19 922 949	-	6 075 306	13 847 642

<p style="text-align: center;"><u>THE MSUNDUZI MUNICIPALITY</u></p> <p style="text-align: center;"><u>APPENDIX A</u></p> <p style="text-align: center;"><u>SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2008</u></p>							
<u>EXTERNAL LOANS</u>	<u>ACCOUNT NO</u>	<u>Loan Number</u>	<u>Redeemable</u>	<u>Balance at 30/06/07</u>	<u>Received during the period</u>	<u>Redeemed written off during the period</u>	<u>Balance at 30/06/08</u>
TOTAL EXTERNAL LOANS				335 439 549	90 000 000	40 457 667	384 981 881

<p align="center">THE MSUNDUZI MUNICIPALITY APPENDIX B ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AT 30 JUNE 2008</p>												
	Cost						Accumulated Depreciation					
	Opening Balance	Under Construction Previous Year	Additions	Under Construction	Disposals	Closing Balance	Opening Balance	Additions	Disposals	Closing Balance	Carrying Value	
LAND AND BUILDINGS												
Land	35 944 550	-	49 729	-	(278 423)	35 715 856	-	-	-	-	35 715 856	
Buildings	94 609 090	-	785 552	2 436 766	-	97 831 408	22 163 276	3 070 324	-	25 233 600	72 597 808	
	-	-	-	-	-	-	-	-	-	-	-	
Total Land and Buildings	130 553 639	-	835 281	2 436 766	(278 423)	133 547 264	22 163 276	3 070 324	-	25 233 600	108 313 664	
Electricity												
Power Stations	48 242 331	-	1 215 230	11 830 387	-	61 287 947	16 811 209	1 615 812	-	18 427 022	42 860 925	
Electrical Mains	63 173 240	-	3 682 187	-	-	66 855 427	22 608 334	3 182 448	-	25 790 782	41 064 645	
Electrical Meters	43 554 070	-	944 344	-	-	44 498 414	14 343 669	1 981 979	-	16 325 648	28 172 766	
Electrical Supply & Reticulation	144 456 412	(784 406)	1 215 506	6 985 517	-	151 873 029	67 337 627	4 960 098	-	72 297 725	79 575 304	
Load control equipment	59 950	-	-	-	-	59 950	2 997	3 006	-	6 003	53 947	
Switchgear Equipment	21 979 990	-	2 332 009	1 546 924	(31 500)	25 827 423	6 044 164	1 022 491	(522)	7 066 133	18 761 290	
Transformer Kiosks	25 262 407	-	5 136 896	1 266 688	-	31 665 991	10 486 512	858 461	-	11 344 973	20 321 019	
	346 728 399	(784 406)	14 526 171	21 629 516	(31 500)	382 068 181	137 634 512	13 624 295	(522)	151 258 286	230 809 895	
Roads												
Motorways	155 732	-	-	-	-	155 732	18 902	15 616	-	34 518	121 214	
Bridges, Subways and Culverts	7 361 835	-	-	3 943	-	7 365 778	2 537 118	246 067	-	2 783 185	4 582 594	
Over head bridges	187 472	-	-	-	-	187 472	6 770	6 266	-	13 036	174 435	
Bus Terminals	5 251 041	-	-	-	-	5 251 041	2 776 107	182 069	-	2 958 175	2 292 866	
Car Parks	124 286	-	-	-	-	124 286	37 102	4 389	-	41 491	82 795	
Other Roads	351 450 883	-	7 232 882	45 732 156	-	404 415 920	242 386 943	21 373 938	-	263 760 880	140 655 040	
Stormwater Drains	46 662 421	-	-	13 565 979	-	60 228 400	23 934 739	2 036 623	-	25 971 362	34 257 038	
Street Lighting	25 984 714	-	2 621 332	-	-	28 606 046	10 330 818	850 473	-	11 181 291	17 424 755	
Traffic Islands	26 192	-	-	-	-	26 192	7 162	2 602	-	9 764	16 428	
Traffic Lights	1 638 481	-	-	-	-	1 638 481	419 440	70 715	-	490 156	1 148 325	
Road Banners	278 138	-	-	-	-	278 138	4 808	13 945	-	18 753	259 384	
	439 121 194	-	9 854 214	59 302 078	-	508 277 486	282 459 908	24 802 703	-	307 262 611	201 014 874	
Sewerage												
Outfall Sewers	2 931 600	-	-	-	-	2 931 600	420 416	146 982	-	567 398	2 364 202	
Purification Works	35 893	-	-	-	-	35 893	35 893	-	-	35 893	(0)	
Sewerage Pumps	170 734	-	-	-	-	170 734	25 782	11 414	-	37 196	133 538	
Sewers	99 198 788	(969 869)	3 131 476	31 787 505	-	133 147 900	42 447 515	4 102 814	-	46 550 328	86 597 572	
	102 337 015	(969 869)	3 131 476	31 787 505	-	136 286 127	42 929 606	4 261 209	-	47 190 814	89 095 313	
Water												
Mains	15 910 247	-	346 593	1 106 246	-	17 363 086	1 558 227	799 116	-	2 357 343	15 005 743	
Meters	24 869 100	-	941 077	-	-	25 810 176	9 902 489	1 666 556	-	11 569 045	14 241 131	
Reservoirs	427 395	-	-	1 004 862	-	1 432 257	60 502	21 428	-	81 930	1 350 327	
Reticulation	148 767 036	-	7 259 016	733 027	(100)	156 758 980	71 052 880	6 430 240	(100)	77 483 020	79 275 960	
Treatment Works	-	-	-	-	-	-	-	-	-	-	-	
	189 973 779	-	8 546 686	2 844 135	(100)	201 364 499	82 574 098	8 917 340	(100)	91 491 337	109 873 162	
Footways												
Footways	14 063 625	-	605 060	-	-	14 668 685	8 628 356	673 628	-	9 301 984	5 366 701	
Kerbing	42 099 624	-	-	-	-	42 099 624	31 362 832	2 099 214	-	33 462 046	8 637 578	
	56 163 249	-	605 060	-	-	56 768 309	39 991 188	2 772 842	-	42 764 030	14 004 278	
Airport												
Aprons	346 854	-	-	-	-	346 854	75 485	17 390	-	92 875	253 979	
Runways	9 014 518	-	121 542	447 958	-	9 584 017	3 034 785	452 460	-	3 487 245	6 096 772	
Taxiways	179 500	-	-	-	-	179 500	27 673	9 000	-	36 673	142 827	
Radio Beacons	198 551	-	-	-	-	198 551	63 006	9 955	-	72 960	125 591	
	9 739 422	-	121 542	447 958	-	10 308 922	3 200 948	488 805	-	3 689 753	6 619 169	
Security												
Access Control Systems	51 334	-	36 686	-	-	88 020	51 334	603	-	51 937	36 083	
Fencing	2 278 173	-	550 204	-	-	2 828 377	1 907 180	165 489	-	2 072 670	755 707	
Security Systems	23 083 367	-	957 707	174 502	-	24 215 576	12 021 647	4 385 363	-	16 407 010	7 808 566	
	25 412 873	-	1 544 597	174 502	-	27 131 972	13 980 161	4 551 456	-	18 531 617	8 600 356	
Total Infrastructure Assets	1 169 475 930	(1 754 275)	38 329 746	116 185 693	(31 600)	1 322 205 495	602 770 420	59 418 650	(622)	662 188 448	660 017 047	

THE MSUNDUZI MUNICIPALITY
APPENDIX B CONTINUED
ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AT 30 JUNE 2009

	Cost					Accumulated Depreciation				
	Opening Balance	Under Construction Previous Year	Additions	Under Construction	Disposals	Closing Balance	Opening Balance	Additions	Disposals	Carrying Value
COMMUNITY ASSETS										
Buildings										
Cemeteries	2 064 675	-	388 355	-	-	2 453 031	319 070	66 638	-	2 067 323
Civic Theatres	797 763	-	518 165	-	-	1 315 928	575 376	28 085	-	712 467
Clinics and Hospitals	8 398 687	-	654 572	-	-	9 053 259	2 174 401	282 516	-	6 596 341
Community Centres	54 859 578	-	4 027 483	645 948	-	59 533 009	7 323 183	1 839 487	-	50 370 339
Fire Stations	1 974 252	-	406 633	234 877	-	2 615 761	841 109	59 324	-	1 715 328
Games Reserves and Rest Camps	521 835	-	-	-	-	521 835	131 242	17 442	-	373 150
Indoor Sports Facilities	430 645	-	15 335	-	-	445 980	172 721	14 436	-	258 823
Library	25 587 229	-	261 119	3 630 475	-	29 478 823	2 415 308	835 905	-	26 227 610
Museums and Art Galleries	4 843 996	-	-	122 049	-	4 966 044	2 246 123	161 909	-	2 558 012
Parks	2 576 954	-	461 006	223 500	-	3 261 460	273 125	87 397	-	2 900 938
Public Conveniences	3 018 837	-	-	-	-	3 018 837	687 804	100 568	-	2 230 465
Recreation Centres	1 039 451	-	-	-	-	1 039 451	105 443	34 743	-	899 265
Stadiums	10 877 269	-	265 545	-	-	11 142 814	1 568 944	359 952	-	9 213 919
	116 991 169	-	6 998 213	4 856 848	-	128 846 231	18 833 850	3 888 402	-	106 123 979
Recreational Facilities										
Floodlighting	2 285 497	-	-	-	-	2 285 497	900 631	112 706	-	1 272 159
Outdoor Sports Facilities	45 508 324	-	1 641 129	316 018	-	47 465 470	19 300 735	2 254 248	-	25 910 486
Swimming Pools	6 219 949	-	92 023	-	-	6 311 972	2 772 563	248 052	-	3 291 358
Tennis Courts	189 550	-	-	-	-	189 550	106 365	9 504	-	73 682
	54 203 320	-	1 733 152	316 018	-	56 252 489	23 080 294	2 624 510	-	30 547 686
Total Community Assets	171 194 489	-	8 731 365	5 172 866	-	185 098 721	41 914 144	6 512 912	-	136 671 664
OTHER ASSETS										
Other Properties										
Caravan Parks	139 014	-	-	-	-	139 014	127 139	3 454	-	8 420
Abattoirs	158 279	-	-	-	-	158 279	137 617	5 290	-	15 372
Hostels Workers	632 152	-	-	-	-	632 152	71 195	21 060	-	539 898
Housing Schemes	198 599 386	(6 088 647)	1 801 353	6 189 508	(2 605)	200 498 995	8 854 734	6 384 594	(174)	185 259 840
Markets	23 133 100	-	99 754	-	-	23 232 855	7 248 000	706 140	-	15 278 714
Nurseries	525 408	-	38 604	-	-	564 012	99 772	17 667	-	446 573
Kilns	1 162 850	-	-	-	-	1 162 850	292 240	38 868	-	831 742
Tip Sites	52 084 427	(5 371 019)	90 574	-	-	46 803 982	11 608 461	1 741 152	-	33 454 369
Training facilities	142 115	-	173 204	28 188	-	343 507	584	7 125	-	335 798
Old Age Homes	663 494	-	-	-	-	663 494	203 458	22 177	-	437 859
Transport Facilities	29 007 819	-	-	11 720 563	-	40 728 382	2 078 133	773 207	-	37 877 042
Workshops and Depots	4 716 820	-	264 380	-	-	4 981 201	1 198 404	158 301	-	3 624 496
	310 964 865	(11 459 666)	2 467 870	17 938 259	(2 605)	319 908 723	31 919 737	9 879 037	(174)	278 110 122
Plant and Equipment										
Graders	7 032 305	-	-	-	-	7 032 305	2 341 760	554 641	-	4 135 904
Compressors	138 950	-	-	-	-	138 950	138 950	-	-	-
Cremators	1 767 178	-	-	-	-	1 767 178	109 924	118 135	-	1 539 119
Farm Equipment	103 323	-	-	-	-	103 323	25 001	20 721	-	57 601
General	12 381 568	-	749 735	977 291	-	14 108 594	10 113 359	827 780	-	3 167 454
Lawnmowers	2 430 608	-	-	2 017	-	2 432 625	2 383 003	47 605	-	2 016
Laboratory Equipment	753 547	-	734 873	-	-	1 488 420	196 216	152 814	-	1 139 389
Radio Equipment	1 603 858	-	15 000	-	-	1 618 858	1 368 494	69 145	-	181 219
Telecommunication Equipment	5 464 791	-	127 500	-	-	5 592 291	1 574 320	1 058 252	-	2 959 719
Tractors	6 307 757	-	-	-	-	6 307 757	3 454 258	347 508	-	2 505 991
	37 983 884	-	1 627 108	979 307	-	40 590 300	21 705 286	3 196 602	-	15 688 411
Other Assets carried forward	348 948 749	(11 459 666)	4 094 978	18 917 566	(2 605)	360 499 022	53 625 023	13 075 639	(174)	293 798 534

THE MSUNDUZI MUNICIPALITY
APPENDIX B CONTINUED
ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AT 30 JUNE 2008

	Cost					Accumulated Depreciation				
	Opening Balance	Under Construction Previous Year	Additions	Under Construction	Disposals	Closing Balance	Opening Balance	Additions	Disposals	Carrying Value
Other Assets brought forward	348 948 749	(11 459 666)	4 094 978	18 917 566	(2 605)	360 499 022	53 625 023	-	-	293 798 534
Office Equipment										
Air Conditioners	10 086 123	-	1 059 018	165 003	-	11 310 144	7 357 150	784 598	-	3 168 396
Computer Hardware	26 532 229	-	2 031 603	369 021	(2 882)	28 929 972	19 898 420	2 989 923	(336)	6 041 966
Computer Software	3 707 671	-	796 291	-	(54 563)	4 449 399	1 868 350	973 739	(13 370)	1 620 681
Office Machines	4 956 557	-	246 815	-	-	5 203 372	4 311 874	356 306	-	535 192
	45 282 580	-	4 133 727	534 025	(57 445)	49 892 887	33 435 794	5 104 566	(13 707)	11 366 234
Furniture and Fittings										
Cabinets and Cupboards	7 488 637	-	405 676	90 972	(180)	7 985 105	7 414 885	37 361	(9)	532 867
Chairs	9 797 695	-	-	9 648	-	9 807 343	9 724 489	18 742	-	64 112
Furniture and Fittings Other	7 763 846	-	27 185	6 781	-	7 797 811	6 700 749	256 645	-	840 418
Tables and Desks	8 344 739	-	89 908	-	(2 993)	8 431 254	8 344 739	2 430	(142)	84 227
	33 394 917	-	522 368	107 401	(3 173)	34 021 513	32 184 862	315 177	(150)	1 521 625
Containers										
Household Refuse Bins	256 014	-	-	-	-	256 014	146 948	32 504	-	76 562
Bulk Containers	1 082 581	-	208 560	-	-	1 291 141	243 344	110 269	-	937 528
	1 338 595	-	208 560	-	-	1 547 155	390 292	142 773	-	1 014 090
Fire & Ambulance (Medical)										
Fire Equipment	7 517 267	-	85 440	154 805	-	7 757 512	6 329 136	97 826	-	1 330 549
Medical Equipment - Clinics	1 119 086	-	267 059	-	(63 649)	1 322 496	911 842	66 342	(5 069)	349 381
	8 636 353	-	352 499	154 805	(63 649)	9 080 008	7 240 978	164 168	(5 069)	1 679 931
Motor Vehicles										
Fire Engines	7 658 258	-	2 037 783	-	-	9 696 041	3 616 717	154 211	-	5 925 113
Buses	451 139	-	-	-	-	451 139	451 139	-	-	(0)
Motor Vehicles	16 809 360	-	2 713 442	977 286	(59 727)	20 440 360	10 758 238	2 099 783	(23 924)	7 606 263
Motor Cycles	696 111	-	-	-	-	696 111	668 442	27 670	-	(1)
Trailers	1 147 281	-	-	-	-	1 147 281	1 147 281	-	-	-
Trucks and Bakkies	87 634 494	-	2 472 651	721 375	-	90 828 521	77 893 228	5 279 245	-	7 656 048
	114 396 642	-	7 223 876	1 698 661	(59 727)	123 259 452	94 535 044	7 560 909	(23 924)	21 187 423
Capital leases										
Motor Vehicles	-	-	-	-	-	-	-	-	-	-
General										
Railway Lines	3 308 513	-	200 968	-	-	3 509 480	1 881 615	160 454	-	1 467 412
Aircraft	367 564	-	-	-	-	367 564	75 555	24 571	-	267 437
Watercraft	131 177	-	-	-	-	131 177	131 177	-	-	0
Rivers	1 462 550	-	-	-	-	1 462 550	967 775	-	-	494 775
Rivers	1 581 817	-	46 500	-	-	1 628 317	79 091	79 499	-	1 469 728
Land-Housing	1 295 395	-	-	-	-	1 295 395	1 061 042	-	-	234 353
Artworks	1 730 853	-	62 000	-	-	1 792 853	-	-	-	1 792 853
	9 877 869	-	309 468	-	-	10 187 337	4 196 255	264 524	-	5 726 558
Total Other Assets	561 875 705	(11 459 666)	16 845 477	21 412 458	(186 598)	588 487 375	225 608 248	26 627 756	(43 023)	336 294 394
TOTAL	2 033 099 763	(13 213 940)	64 741 869	145 207 783	(496 621)	2 229 338 854	892 456 089	95 629 642	(43 645)	1 241 284 635
Intangible Assets	10 828 569	-	256 614	-	-	11 085 183	9 370 857	810 630	-	903 696
Agricultural/Biological Assets	520 943	-	81 727	-	-	602 670	-	-	-	602 670
Grand Total Assets	2 044 449 275	(13 213 941)	65 080 210	145 207 783	(496 621)	2 241 026 707	901 826 947	96 440 271	(43 645)	1 242 803 134
Asset Disposal - 06/07 & 07/08							(12 132)	(31 513)		
General Ledger	2 044 449 275					2 241 026 707	901 826 949	96 408 758	(43 647)	1 242 803 134

THE MSUNDUZI MUNICIPALITY

APPENDIX C

ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AS AT 30 JUNE 2006

Fixed Assets	Historical Cost						Accumulated Depreciation				
Description	Opening Balance	Under Construction Previous Year	Additions	Under Construction	Disposals	Closing Balance	Opening Balance	Additions	Disposals	Closing Balance	Carrying Value
Executive and Council	7 996 345		1 235 752	10 036	(395 595)	8 846 539	3 826 211	691 219	-	4 517 430	4 329 108
Finance and Administration	323 146 679		6 653 954	1 382 372	-	331 183 005	151 836 214	18 100 279	(37 630)	169 898 863	161 284 142
Planning and Development	64 675 502	5 371 019	1 121 238	7 949 891	-	73 746 631	21 663 548	3 265 380	-	24 928 928	48 817 703
Health	16 047 827		2 100 297	57 200	(180)	18 205 144	7 656 290	782 428	(9)	8 438 709	9 766 435
Community and Social Services	32 122 858		1 246 770	3 752 523	-	37 122 152	8 902 443	1 497 609	-	10 400 052	26 722 100
Housing	185 332 184	6 088 647	25 624	16 640	(2 605)	185 371 843	10 146 306	5 813 875	(174)	15 960 008	169 411 835
Public Safety	49 577 896		5 714 042	1 808 486	(66 642)	57 033 782	32 426 931	3 233 228	(5 211)	35 654 948	21 378 834
Sport and Recreation	111 534 190		3 647 844	316 018	-	115 498 052	42 482 932	4 654 878	-	47 137 810	68 360 242
Road Transport	467 675 040		10 737 735	59 153 272	-	537 566 047	296 683 802	25 090 974	-	321 774 776	215 791 271
Environmental Protection	520 943		217 902	-	-	738 845	-	91 500	-	91 500	647 345
Water	192 635 874	784 406	9 718 630	3 347 365	(100)	205 701 769	87 231 887	8 703 335	(100)	95 935 122	109 766 647
Waste Management	172 985 071	969 868	3 743 077	31 773 645	-	208 501 793	65 269 943	7 673 306	-	72 943 249	135 558 544
Electricity	382 668 145		18 109 368	20 372 978	(31 500)	421 118 991	159 963 940	15 314 522	(522)	175 277 941	245 841 051
Other	37 530 721		807 975	2 053 418	-	40 392 114	13 736 502	1 527 736	-	15 264 238	25 127 876
TOTALS	2 044 449 275	13 213 940	65 080 210	131 993 843	(496 621)	2 241 026 707	901 826 949	96 440 271	(43 645)	998 223 573	1 242 803 134

THE MSUNDUZI MUNICIPALITY

APPENDIX D

SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2008

<u>2007</u>	<u>2007</u>	<u>2007</u>		<u>2008</u>	<u>2008</u>	<u>2008</u>
<u>Actual Income</u>	<u>Actual Expenditure</u>	<u>Surplus/(Deficit)</u>		<u>Actual Income</u>	<u>Actual Expenditure</u>	<u>Surplus/(Deficit)</u>
42 033	31 225 262	-31 183 229	Executive & Council	3 995	38 852 026	-38 848 031
324 459 150	127 458 886	197 000 264	Finance & Admin	610 530 604	356 621 519	253 909 085
17 569 289	43 923 134	-26 353 846	Planning & Development	10 885 740	49 659 900	-38 774 160
10 903 137	30 641 082	-19 737 945	Health	8 251 885	34 540 902	-26 289 017
9 119 302	27 390 238	-18 270 935	Community & Social Services	4 954 037	29 922 591	-24 968 554
8 997 461	15 845 551	-6 848 090	Housing	14 879 746	28 830 730	-13 950 984
14 607 576	96 531 718	-81 924 142	Public Safety	16 394 006	123 827 318	-107 433 312
1 431 163	47 746 088	-46 314 925	Sport And Recreation	905 462	50 094 232	-49 188 770
138 743 095	142 347 888	-3 604 793	Waste Management	169 441 044	146 270 361	23 170 683
4 037 908	84 975 344	-80 937 435	Road Transport	48 680 733	92 712 699	-44 031 966
245 602 699	202 819 314	42 783 385	Water	270 279 667	227 744 053	42 535 614
644 462 287	541 450 182	103 012 105	Electricity	663 079 205	556 442 620	106 636 585
27 104 065	27 902 689	-680 874	Other	28 019 143	31 800 605	-3 781 462
<u>1 447 079 164</u>	<u>1 420 257 376</u>	<u>26 821 790</u>	<u>Sub - Total</u>	<u>1 846 305 266</u>	<u>1 767 319 555</u>	<u>78 985 711</u>
	<u>-39 496 275</u>	<u>-39 496 275</u>	<u>Less: Inter-Dept Charges</u>		<u>-37 697 691</u>	<u>-37 697 691</u>
<u>1 447 079 164</u>	<u>1 380 761 101</u>	<u>66 318 065</u>	<u>Total</u>	<u>1 846 305 266</u>	<u>1 729 621 863</u>	<u>116 683 403</u>

THE MSUNDUZI MUNICIPALITY

APPENDIX E 1

ACTUAL VERSUS BUDGET(REVENUE AND EXPENDITURE) FOR THE YEAR ENDED 30 JUNE 2008

	Actual 2008	Budget 2008	Variance 2008	Variance 2008	Explanation of Significant variances greater than 10% versus Budget
Description	R	R	R	%	
Revenue					
Property Rates	345 067 836	336 227 252	8 840 584	2.63	
Property Rates - Penalties and Collection Charges	23 565 464	15 784 852	7 780 612	49.29	
Service Charges	896 704 176	806 353 631	90 350 545	11.20	
Rentals Received	14 199 351	12 918 313	1 281 038	9.92	
Interest earned - External Investments	29 172 148	10 019 004	19 153 144	0.00	
Interest earned - Outstanding debtors	23 147 558	13 430 816	9 716 742	72.35	
Other Interest	0	0	0	0.00	
Fines	14 744 977	13 976 546	768 431	5.50	
Licences & Permits	0	0	0	0.00	
Income for Agency Services	14 645 733	13 950 288	695 445	4.99	
Governments Grants & Subsidies	142 974 380	142 899 000	75 380	0.05	
Public Contributions & Donations	0	0	0	0.00	
Other Income	342 083 643	387 483 366	-45 399 275	-11.72	
Total Revenue	1 846 305 266	1 753 043 068	93 262 646	5.32	
Expenditure					
Executive & Council	38 852 026	39 659 643	-807 617	-2.04	
Finance & Admin	356 621 519	355 042 027	1 579 492	0.44	
Planning & Development	49 659 900	49 948 191	-288 291	-0.58	
Health	34 540 902	34 290 742	250 160	0.73	
Community & Social Services	29 922 591	30 691 885	-769 294	-2.51	
Housing	28 830 730	23 022 463	5 808 267	25.23	
Public Safety	123 827 318	112 754 269	11 073 049	9.82	
Sport And Recreation	50 094 232	47 115 556	2 978 676	6.32	
Waste Management	146 270 361	151 073 645	-4 803 284	-3.18	
Road Transport	92 712 699	94 851 310	-2 138 611	-2.25	
Water	227 744 053	213 001 632	14 742 421	6.92	
Electricity	556 442 620	638 962 905	-82 520 285	-12.91	
Other	31 800 603	32 363 251	-562 198	-2.65	
Less: Inter-Dept Charges	-37 697 691	-76 647 854	38 950 163	-50.82	
Total Expenditure	1 729 621 863	1 746 129 665	-16 507 352	-0.95	

Operating Surplus/(Deficit)	116 683 403	6 913 403	109 770 000
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THE MSUNDUZI MUNICIPALITY

APPENDIX E2

ACTUAL VERSUS BUDGET (ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT) FOR THE YEAR ENDED 30 JUNE 2008

Description	2008 Actual R	2008 Under Construction R	2008 Total Additions R	2008 Budget R	2008 Variance R	2008 Variance %	Explanation of Significant Variances greater than 5% versus Budget
Executive and Council	840 157.60	10 036.04	850 193.64	1 964 272.00	(1 114 078)	-0.57	
Finance and Administration	6 653 954.33	1 382 372.12	8 036 326.45	56 208 713.00	(48 172 387)	-0.86	
Planning and Development	1 121 238.46	7 949 890.95	9 071 129.41	10 205 599.00	(1 134 470)	-0.11	
Public Safety	5 637 400.51	1 808 485.68	7 445 886.19	8 726 470.00	(1 280 584)	-0.15	
Community and Social Services	1 246 770.14	3 752 523.43	4 999 293.57	9 982 630.00	(4 983 336)	-0.50	
Health	2 100 117.48	57 200.00	2 157 317.48	2 654 524.00	(497 207)	-0.19	
Sport and Recreation	3 647 844.09	316 017.67	3 963 861.76	6 377 189.00	(2 413 327)	-0.38	
Road Transport	10 737 735.29	59 153 271.51	69 891 006.80	83 174 236.00	(13 283 229)	-0.16	
Environment Protection	217 902.18	0.00	217 902.18	650 000.00	(432 098)	-0.66	
Water	9 718 529.95	3 347 365.06	13 065 895.01	14 890 726.00	(1 824 831)	-0.12	
Waste Management	3 743 077.12	31 773 644.97	35 516 722.09	43 263 716.00	(7 746 994)	-0.18	
Electricity	18 097 516.55	20 363 329.44	38 460 845.99	50 466 717.00	(12 005 871)	-0.24	
Housing	23 018.88	16 640.00	39 658.88	7 271 578.00	(7 231 919)	-0.99	
Other	807 974.65	2 053 417.85	2 861 392.50	3 279 774.00	(418 382)	-0.13	
TOTALS	64 593 237	131 984 195	196 577 432	299 116 144	(102 538 712)		

THE MSUNDUZI MUNICIPALITY

APPENDIX G

CONDITIONAL GRANTS AND RECEIPTS AS AT 30 JUNE 2008

	UNSPENT BALANCE 1-Jul-2007	CURRENT YEARS RECEIPTS	INTEREST ALLOCATED	TRANSFER TO REVENUE OPERATING EXPENDITURE	TRANSFER TO REVENUE CAPITAL EXPENDITURE	TRANSFERS	UNSPENT BALANCE 30-Jun-2008
NATIONAL GOVERNMENT	-	-	-	-	-	-	-
Various as per Appendix G1	(62 750 823)	(152 173 596)	-	-	-	112 448 238	(102 476 181)
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
PROVINCIAL GOVERNMENT	-	-	-	-	-	-	-
Various as per Appendix G1	(5 410 837)	(15 275 252)	-	-	-	4 024 162	(16 661 927)
	-	-	-	-	-	-	-
	(68 161 660)	(167 448 848)	-	-	-	116 472 400	(119 138 107)
OTHER GRANTS							
	-	-	-	-	-	-	-
Various as per Appendix G1	(5 444 536)	(235 807)	-	-	-	233 043	(5 447 300)
	(73 606 196)	(167 684 655)	-	-	-	116 705 443	(124 585 407)

THE MSUNDUZI MUNICIPALITY

APPENDIX G 1

DETAILS OF CONDITIONAL GRANTS AND RECEIPTS AS AT 30 JUNE 2008

<u>Account No:</u>	<u>Account Description</u>	<u>Unspent Balance @ 1 July 2007</u>	<u>Transfers</u>	<u>Current Year Receipts</u>	<u>Unspent balance @ 30 June 2008</u>	<u>Grant Type</u>	<u>Source Code</u>
PMB0108960001	GRANT COMMUNITY DEVELOPMENT WORKERS	-103 608	-	-	-103 608	COMM	UNSPENT CG - NATIONAL GOVERNMENT
PMB0118960002	GRANT DPLG AMENDMENT IDP	-50 000	-	-	-50 000	IDP	UNSPENT CG - NATIONAL GOVERNMENT
PMB0358980801	GRANT - FMG	-1 508 268	726 538	-510 544	-1 292 274	FMG	UNSPENT CG - NATIONAL GOVERNMENT
PMB0358980803	GRANT - UNSPENT CONDITIONAL GRANT - RSG	-6 112 275	1 989 698	-385 629	-4 508 206	RSG	UNSPENT CG - NATIONAL GOVERNMENT
PMB0358980804	RSG - INVESTMENT ACCOUNT - INTEREST REC.	-	385 629	-385 629	-	RSG	UNSPENT CG - NATIONAL GOVERNMENT
PMB0608960012	UNSPENT CONDITIONAL GRANT - MIG	-13 939 467	94 789 240	-101 798 760	-20 948 988	MIG	UNSPENT CG - NATIONAL GOVERNMENT
PMB2858960001	GEDI - GIJIMA FUNDS	-191 668	396 800	-233 739	-28 608	GEDI	UNSPENT CG - NATIONAL GOVERNMENT
PMB5018960001	GRANT DPLG PERFORMANCE MGT SYSTEM	-50 000	50 000	-	-	PFM	UNSPENT CG - NATIONAL GOVERNMENT
PMB5118960003	GRANT - WARD 3 5 6	-40 123	-	-	-40 123	WARD	UNSPENT CG - NATIONAL GOVERNMENT
PMB5118960018	UNSPENT CONDITIONAL GRANT - EDN CORRIDOR	-1 497	-	-	-1 497	EDN	UNSPENT CG - NATIONAL GOVERNMENT
PMB5268960001	ICT INTERDEPT MONITORING GRANT	-3 319	3 319	-	-	MON	UNSPENT CG - NATIONAL GOVERNMENT
PMB5308960001	SETA DISCRETIONARY GRANT	-29 061	164 160	-149 930	-14 831	SETA	UNSPENT CG - NATIONAL GOVERNMENT
PMB5308960003	UNSPENT COND.GRANT - HRD/L6SETA	-	-	-66 000	-66 000	SETA	UNSPENT CG - NATIONAL GOVERNMENT
PMB5488980001	DEVELOPMENT CAPACITY BUILDING PROJECT	-215 463	140 904	-3 516	-78 076	CAPAC	UNSPENT CG - NATIONAL GOVERNMENT
PMB5608960001	STORM DAMAGE - DOH FUNDING	-915 846	-	-	-915 846	STORM	UNSPENT CG - NATIONAL GOVERNMENT
PMB5608960010	UNSPENT CONDITIONAL GRANT - PHB	-34 787 041	13 430 512	-47 863 146	-69 219 675	PHB	UNSPENT CG - NATIONAL GOVERNMENT
PMB7138960015	UNSPENT CONDITIONAL GRANT - DEPT OF MINERALS	-4 303 186	-	-	-4 303 186	NER	UNSPENT CG - NATIONAL GOVERNMENT
PMB7878960001	EDN S - UPGRADE WATER SUPPLY	-500 000	371 439	-776 702	-905 263	DWAF	UNSPENT CG - NATIONAL GOVERNMENT
		-62 750 823	112 448 238	-152 173 596	-102 476 181		

THE MSUNDUZI MUNICIPALITY

APPENDIX G 1

DETAILS OF CONDITIONAL GRANTS AND RECEIPTS AS AT 30 JUNE 2008

Continuation

Account No:	Account Description	Unspent Balance @	Transfers	Current Year Receipts	Unspent balance @	Grant Type	Source Code
		1 July 2007			30 June 2008		
PMB2028960002	RETENTION - MIG - VULINDLELA VIP CONSTR.	-32 811	0	0	-32 811		UNSPENT CG - OTHER
PMB2848970001	AWARDS RECEIVED	-21 228	21 228	0	0	AWARDS	UNSPENT CG - OTHER
PMB2938960001	DBSA - STORM REHAB. FUND	-200 000	157 667	0	-42 333	STORM	UNSPENT CG - OTHER
PMB3588970003	USAID AIDS EDUCATOR TRAINING	-2 090	-	-21 851	-23 941	USAID	UNSPENT CG - OTHER
PMB3588970004	USAID EDUCATIONAL TECHNIQUES	-2 400	2 400	0	-	USAID	UNSPENT CG - OTHER
PMB3588970005	USAID PROJECT MANAGEMENT TRAINING	-2 211	2 211	0	-	USAID	UNSPENT CG - OTHER
PMB3588970006	USAID MENTORING AND SUPPORT	-8 830	8 830	0	-	USAID	UNSPENT CG - OTHER
PMB3588970008	USAID PAYMENT FOR COMMUNITY TRAINING	-4 561	4 561	0	-	USAID	UNSPENT CG - OTHER
PMB3588970010	USAID DROPIN CENTRES	-12 673	12 673	0	-	USAID	UNSPENT CG - OTHER
PMB3588970011	USAID HOME BASED CARE TRAINING	-23 473	23 473	0	-	USAID	UNSPENT CG - OTHER
PMB8328760903	TRUST - CEMETERY TRUST ACCOUNT	-13 131	-	-1 177	-14 308	TRUST	UNSPENT CG - OTHER
PMB8348760907	TRUST - JOHN HARDY TRUST ACCOUNT	-217	-	-	-217	TRUST	UNSPENT CG - OTHER
PMB8358760909	TRUST - PATRIOTIC LEAGUE TRUST ACCOUNT	-43 925	-	-1 602	-45 527	TRUST	UNSPENT CG - OTHER
PMB8368760911	TRUST - PEARSE TRUST ACCOUNT	-1 382 061	-	-36 624	-1 418 685	TRUST	UNSPENT CG - OTHER
PMB8378760913	TRUST - WELCH TRUST ACCOUNT	-347 464	-	-12 295	-359 759	TRUST	UNSPENT CG - OTHER
PMB8388760916	TRUST - MARIA KINSMAN TRUST ACCOUNT	-591 488	-	-	-591 488	TRUST	UNSPENT CG - OTHER
PMB8388760920	TRUST - MARIA KINSMAN TRUST - NET INCOME	-19 456	-	-18 312	-37 768	TRUST	UNSPENT CG - OTHER
PMB8398760908	TRUST - MAYORESS NECESSITY FUND	-74 109	-	-2 093	-76 202	TRUST	UNSPENT CG - OTHER
PMB8398760924	TRUST - MAYORESS CHARITY BALL - CLEARING ACCOUNT	-925	-	-	-925	TRUST	UNSPENT CG - OTHER
PMB8408760915	TRUST - CEMETERY TRUST ACCOUNT (M/RISE)	-2 293 364	-	-	-2 293 364	TRUST	UNSPENT CG - OTHER
PMB8408760922	TRUST - CEMETERY TRUST ACCOUNT (M/RISE) - INTEREST	-144 450	-	-139 629	-284 079	TRUST	UNSPENT CG - OTHER
PMB8418760906	TRUST - FLEMING TRUST ACCOUNT	-71 219	-	-2 224	-73 443	TRUST	UNSPENT CG - OTHER
PMB8428010001	TRUST - CONT IMBALI FLOOD VICTIMS - PMB FLOOD VICTIMS	-60 858	-	-	-60 858	TRUST	UNSPENT CG - OTHER
PMB8428760842	TRUST - PMB FLOOD DISASTER	-30 989	-	-	-30 989	TRUST	UNSPENT CG - OTHER
PMB8438760925	TRUST - REFUGEES TRUST ACCOUNT	-60 604	-	-	-60 604	TRUST	UNSPENT CG - OTHER
		-5 444 536	233 043	-235 807	-5 447 300		

THE MSUNDUZI MUNICIPALITY

APPENDIX G 1

DETAILS OF CONDITIONAL GRANTS AND RECEIPTS AS AT 30 JUNE 2008

Continuation

<u>Account No:</u>	<u>Account Description</u>	<u>Unspent Balance @ 1 July 2007</u>	<u>Transfers</u>	<u>Current Year Receipts</u>	<u>Unspent balance @ 30 June 2008</u>	<u>Grant Type</u>	<u>Source Code</u>
PMB0138960002	PG:COMMUNITY COMMUNICATION INITIATIVE	-50 000	-	-	-50 000	COMM	UNSPENT CG - PROVINCIAL GOVERNMENT
PMB0608960013	UNSPENT CONDITIONAL GRANT - PROVINCE	-393 680	205 093	-106 033	-294 620	PROV	UNSPENT CG - PROVINCIAL GOVERNMENT
PMB0608960014	UNSPENT CONDITIONAL GRANTS : LIBRARY EXTERNAL	-292 075	2 705 058	-11 401 470	-8 988 487	LIBR	UNSPENT CG - PROVINCIAL GOVERNMENT
PMB1008960002	PG - TECHNICAL SUPPORT	-500 000	5 710	0	-494 290	PROV	UNSPENT CG - PROVINCIAL GOVERNMENT
PMB1318960001	PROVINCE - TRANSPORT GRANT	-	696 366	-3 150 000	-2 453 634	TRANS	UNSPENT CG - PROVINCIAL GOVERNMENT
PMB2858960004	PROV - URBAN RENEWAL PROJECT	-2 928 150	226 549	-417 749	-3 119 349	GEDI	UNSPENT CG - PROVINCIAL GOVERNMENT
PMB3458970006	FOOD AID PROGRAMME	-70 104	-	-	-70 104	FOOD	UNSPENT CG - PROVINCIAL GOVERNMENT
PMB3478970001	ENVIRONMENTAL HEALTH	-1 823	-	-	-1 823	HEALTH	UNSPENT CG - PROVINCIAL GOVERNMENT
PMB3578970025	WORLD AIDS DAY	32 954	-	-	32 954	AIDS	UNSPENT CG - PROVINCIAL GOVERNMENT
PMB4008960002	ENVIRO MGT FRAMEWORK - DPLGTA GRANT	-	24 561	-200 000	-175 439	ENVIRO	UNSPENT CG - PROVINCIAL GOVERNMENT
PMB5138960001	UNSPENT GRANT : LIBRARY SERVICES	-65 000	-	-	-65 000	LIBR	UNSPENT CG - PROVINCIAL GOVERNMENT
PMB5278980001	I.D.P. FUND FROM DEPT. OF LG&H	-679 259	-	-	-679 259	IDP	UNSPENT CG - PROVINCIAL GOVERNMENT
PMB7018960001	PG - INTERGRATION WITH REDS	-150 000	6 048	-	-143 952	ELECT	UNSPENT CG - PROVINCIAL GOVERNMENT
PMB7878980801	GRANT - WATER SERVICE DELIVERY PLANNING	-310 288	151 365	-	-158 923	WATER	UNSPENT CG - PROVINCIAL GOVERNMENT
PMB7878980802	GRANT - ASSESSMENT OF SERVICE DELIVERY MECHANISMS	-3 411	3 411	-	-	WATER	UNSPENT CG - PROVINCIAL GOVERNMENT
		-5 410 837	4 024 162	-15 275 252	-16 661 927		
		-73 606 196	116 705 443	-167 684 655	-124 585 407		